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## Conference Call Transcript

SCG - Q3 2009 SCANA Corporation Earnings Conference Call

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Oct 27, 2009 / 03:00PM GMT, SCG - Q3 2009 SCANA Corporation Earnings Conference Call

## CORPORATE PARTICIPANTS

**Betty Best**

*SCANA Corporation - Director, Financial Planning & IR*

**Jimmy Addison**

*SCANA Corporation - SVP, CFO*

**Kevin Marsh**

*SCANA Corporation - President - SCE&G*

**Steve Byrne**

*SCANA Corporation - Chief Nuclear Officer*

## CONFERENCE CALL PARTICIPANTS

**Chris Bassett**

*Decade Capital - Analyst*

**Michael Lapidès**

*Goldman Sachs - Analyst*

**Jonathan Reader**

*Wells Fargo - Analyst*

**Tim Winter**

*Gabelli & Co - Analyst*

**Dan Jenkins**

*State of Wisconsin Investment Board - Analyst*

## PRESENTATION

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### Operator

Good afternoon, ladies and gentlemen. Thank you for standing by. I will be your conference facilitator today. At this time, I would like to welcome everyone to the SCANA corporation conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. (Operator Instructions). As a reminder, this conference is being recorded, on Tuesday, October 27, 2009. Anyone who does not consent to the taping may drop off the line at this time. I would now like to turn the call over to Betty Best, Director of Financial Planning and Investor Relations.

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### Betty Best - SCANA Corporation - Director, Financial Planning & IR

Thanks, Ken, and good morning. I would like to welcome everyone to our earnings conference call, including those who are joining us on the web cast. Earlier today, we announced financial results for the third quarter of 2009. In just a minute, Jimmy Addison, Senior Vice President and Chief Financial Officer, will review those results, and respond to questions. Also on the call today will be Kevin Marsh, President of SCE&G, and Steve Burns, SCANA's Chief Nuclear Officer, giving updates on certain operational issues and our new nuclear program.

The earnings press release that we will refer to in this conference call is available on our Web site at SCANA.com. I would like to remind everyone that certain statements that may be made during today's call which are not statements of historical fact are considering forward-looking statements, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements, including the risks and uncertainties discussed in the Company's SEC filings. The Company does not recognize an obligation to update any forward-looking statements. I will now turn the call over to Jimmy Addison.

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### Jimmy Addison - SCANA Corporation - SVP, CFO

Thanks, Betty. And good morning. I would also like to welcome each of you to our call. This morning, we reported third quarter earnings of \$0.84 per share, up from \$0.80 per share in the same quarter of 2008. The \$0.04 per share improvement was primarily a result of the resolution of a state income tax issue that more than offset lower electric and natural gas margins, slightly higher operations and maintenance expenses, and expected dilution for the quarter.

A brief comment about the \$3 million, or \$0.02 per share O&M increase. As you know, we have made cost control a central focus during this recession in order to maintain earnings and mitigate the impact on customers of a potential rate increase. Although O&M has increased compared to the third quarter of last year, it is the result of an abnormally low level of incentive compensation costs in the prior year, due to the performance of our stock during that period. This low level of costs was substantially reversed in the fourth quarter, when the stock performed much better relative to our peers. This difference in incentive compensation accruals resulted in about \$5 million, or \$0.03 per share, additional O&M costs this quarter, compared to the third quarter of 2008.

For the quarter, we continued to see the impact of the recessionary economy on electric margins resulting in reduced commercial consumption and lower industrial and offsystem sales compared to last year. However, we have seen a fairly consistent trend in recent months, as opposed to further degradation. And don't expect to see further declines as we head into 2010.

For the first nine months of 2009, we reported earnings of \$2.23 per share, compared to \$2.22 per share for the same period in 2008. This \$0.01 per share increase in earnings was driven primarily by lower O&M expenses and a favorable resolution of the state income tax issue, offset by dilution and lower consumption. Based on year to date results, and our expectations of the results for the fourth quarter, we're narrowing our 2009 guidance to the upper half of our previously stated range, specifically we now expect to earn between \$2.80 and \$2.95 per share. Keep in mind our earnings guidance assumes normal weather in our electrical and natural gas service areas for the remainder of 2009, and excluding any potential impact from changes in accounting principals and certain gains and losses from investment activity, litigation, and sales of assets.

Other factors that may impact future earnings are discussed in our SEC filings. As it relates to next year, due to the continuing economic uncertainty, we are not yet providing earnings guidance for 2010. We do expect to provide guidance when we report our full-year 2009 earnings in February. Now, I would like to review the third quarter results of our principal lines of business. South Carolina electric and gas company, our largest subsidiary reported earnings of \$109 million, or \$0.89 per share, compared to \$100 million, or \$0.85 per share in the same quarter last year. The \$0.04 increase is attributable to the resolution of the state tax issue, which more than offset lower electric margins and dilution,

As of September 30, SCE&G was serving approximately 654,000 electric customers, which represented a 0.8% increase over the past year. Over that same period, SCE&G's natural gas customer base increased 1.2%, to approximately 306,000 customers. With regard to the state income tax issue, in 1996, based on construction activity at our coke plant, we earned an economic impact zone or EIZ tax credit from the state of South Carolina. This EIZ credit far exceeded SCANA's state tax liability for the 1996 tax year, leaving approximately \$15 million of the credit unused. SCANA carried forward the unused EIZ credit earned to its 1997 and 1998 tax returns, but the South Carolina department of revenue contested that carry-forward application. We pursued the issue and ultimately won an appeal with the South Carolina Supreme Court, ruling that the EIZ credit earned but not used by SCANA in 1996 may indeed be applied to its tax liability for 1997 and 1998.

Prior to this favorable Supreme Court decision, and pursuant to the relevant accounting literature concerning income tax uncertainties, the value of the contested credit had not been reflected in our income statement. This decision resolved the issue in our favor, and resulted in an \$0.11 per share impact in the third quarter, which includes a portion of the tax refund, as well as the related interest income. This benefit is reflected in the income statement in line items for income taxes, for the tax benefit and other income for the interest income. Considering the impact of this tax benefit, we estimate SCANA's effective tax rate for 2009 to be approximately 31%.

Although we have received the tax refund of \$16 million in cash, along with the related interest income, the rest of the credit itself will be recognized for accounting purposes over the remaining life of the plant that gave rise to the credit. The multi-year catch-up for the life of the plant to date results in the tax reduction recognized this quarter. The recognition of the remaining tax benefit in future years will not materially impact our effective tax rate.

PSNC Energy, our retail natural gas company in North Carolina, reported a seasonal loss of \$4 million, or \$0.04 per share in the third quarter of 2009, unchanged compared to the third quarter of 2008. Reduced margins have been mitigated by excellent cost control. At September 30, 2009, PSNC Energy was serving approximately 460,000 customers, an increase of 1.2% over the last 12 months.

Carolina gas transmission, our interstate natural gas transmission subsidiary, reported earnings of \$0.03 per share, compared to \$0.02 per share in the same quarter last year. This increase is attributable to slightly higher transportation revenues, and lower O&M expenses. SCANA Energy, our retail natural gas marketing business in Georgia, reported a loss of \$3 million, or \$0.02 per share, compared to break-even results in the same

quarter of 2008. This decline is due primarily to a shift in this marketplace as more customers have opted for fixed rate pricing plans to lock in recent lower natural gas prices. These fixed rate plans generally result in lower margins as their terms are known, and the gas costs can be hedged. I should also note one benefit of lower natural gas prices is reduced bad debt expenses, as customers are better able to pay the substantially reduced gas bills.

Based upon current gas price, we expect this shift in customer preference to continue, and we prospectively forecast this business to earn approximately \$0.20 to \$0.22 per share annually, assuming normal weather. SCANA Energy continues to be a well-run business with very little overhead, and it has responded well to this market shift, as evidenced by our continued strong market position and profitability. One potential positive for this business is the \$175 million pipeline infrastructure improvement program requested by Atlanta Gas Light Company, and recently approved by the Georgia PSC. In addition, the commission is considering a new economic development program proposed by SCANA Energy, and Atlanta Gas Light, which would help expand pipelines to new areas throughout Georgia.

As many of you are aware, because of the lack of pipeline system expansion, this market has only grown approximately 0.5% per year since it was open to competition in the late 1990s. Contrast it to 2% to 4%-plus customer growth rates we have seen in our Carolinas LDCs. At September 30, 2009, SCANA Energy was serving more than 440,000 customers in Georgia, maintaining its position as the second largest natural gas market in the state. SCANA's corporate and other businesses reported a combined loss of \$2 million or \$0.02 per share, compared to a loss of \$4 million or \$0.03 per share in the same quarter last year. This \$0.01 per share improvement was driven primarily by lower net interest expense related to the redemption of long term debt at its maturity in late 2008.

I will now turn the call over to Kevin Marsh, President of SCE&G, for an update on several operational and regulatory issues.

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**Kevin Marsh - SCANA Corporation - President - SCE&G**

Thanks, Jimmy. I want to take a few minutes to update you on several important items taking place at SCE&G. Recently, regarding our recent natural gas stabilization act filing, and decision, the South Carolina commission approved a \$13 million increase in SCE&G's retail gas base rates. This action was in response to our June 15 annual filing made under the rate stabilization act, in which the Company reported its return on common equity for the 12 month period ended March 31, 2009, was 6.36%. Since our actual return on equity was more than 50 basis points below the allowed return of 10.25%, SCE&G requested a 2.5% increase in its rates, in order to restore the ROE to the authorized level as provided under the law. The new rates will be effective for bills rendered on and after the first billing cycle in November.

From an operating perspective, VC Summer nuclear station recently completed the most successful 18 month operating cycle in the 25 year history. The plant set a continuous run record of 475 days and employees at the site surpassed 4.5 million consecutive work hours. Although the plant set a new record for continuous run, it did experience an automatic shutdown October 2 due to a fault on the generator output breaker on the non-nuclear side of the plant. Repair and testing of the breaker was completed in 10 days, allowing the plant to restart on the evening of October 12.

On October 16, Summer Station began its 18th regularly scheduled refueling outage. During the outage, approximately one-third of the plant's uranium fuel assemblies will be replaced, and normal and preventive maintenance work will be performed. Earlier this year, we initiated a proceeding before the Public Service Commission of South Carolina, which would allow SCE&G to provide the commission with an update of the progress and the licensing and construction of our two new nuclear units to be located at the VC Summer nuclear station near Jenkinsville, South Carolina. In addition, we requested an order approving updated construction and capital cost schedules for the construction of the new unit. The updated construction schedule is a site-specific schedule for our particular project and will replace the generic AP1000 Westinghouse construction milestone schedule included in the initial 2008 base load review filings.

The VC Summer site's specific construction schedule from Westinghouse and Shaw realigns the sequencing of milestones and better outlines the details and construction and capital cost schedules beyond those approved by the Commission earlier this year. This refined schedule does not change our commitment to construct and complete the two units by 2016 and 2019. Moreover, it does not change the previously-approved cost of \$4.53 billion in 2007 dollars, but rather, better matches the cost to the years in which they are expected to be incurred. The commission has scheduled a hearing beginning November 4, to consider our request, to approve the updated schedules for regulatory monitoring purposes. Under the base load review act, the commission must issue its decision on this request, by January 20, 2010. We will keep you updated as this process conditions and we will continue to provide updated project milestones under the existing schedule and our quarterly status reports filed at the Office of Regulatory Staff.

Our third quarter status report will be filed on November 16, and will provide an update of our capital costs incurred through September, 2009. A copy of the SCE&G report is available on our Web site at SCANA.com. Also, following BLRA procedures, on September 30, the commission approved our annual revised adjustment request for \$22.5 million, or 1.1%, for the annual recovery of financing costs related to new nuclear CWIP. This requested rate adjustment was based on the incremental project CWIP incurred from July 2008, through June 30, 2009 and the updated project capital structure with a return on equity set at 11%. These new rates will be effective on October 30 of this year. This represents the second increase under the Base Load Review Act.

With regards to our new nuclear project, pre-construction activities continue on budget and on schedule. We have recently completed inspections related to the manufacturing of several key long lead equipment items and are very encouraged by the quality and progress of the work. We are also continuing with additional site prep work and hiring and training of critical-skilled workers. And finally, I'm pleased to report that the Company personnel, including our CEO, Bill Timmerman, and Chief Nuclear Officer, Steve Byrne, recently completed our second trip this year to China to tour and inspect their Westinghouse AP1000 nuclear units already under construction.

During this visit, our delegation met with the Chairman of China's State Nuclear Power Technology Corporation, as well as toured the module fabrication facility constructed near the Haiyung site. As we said before, we believe the valuable insight gained from observing these ongoing construction sites will help us complete our projects more efficiently and improve our overall construction process. In exchange for this access, we have agreed to train certain Chinese operations and maintenance personnel in our existing VC Summer unit one. The first of these training sessions will begin in September of 2010, is expected to last approximately 60 days. Steve Burn will be joining us on the call shortly to answer any questions you may have about this recent trip, or any other nuclear-related issues.

Turning now to SCE&G's new nuclear licensing process, on October 15, the Nuclear Regulatory Commission issued a news release addressing the Westinghouse AP1000 design certification document 17 revisions related to shield building design issues associated with potential aircraft impacts, hurricanes, and major storm events. This release provides an open and transparent look at the NRC review process. These issues are not new and have been under review for appropriate design modifications for several years. Discussions between Westinghouse and the NRC are ongoing and the NRC formal letter which outlines all of the NRC concerns on this issue gets all the technical issues on the table. Westinghouse is confident that they can satisfy the NRC concerns related to this matter. SCE&G anticipates that the NRC will adhere to their current published review schedule for DCD17 with completion by August of 2011. Although Westinghouse is still hopeful to complete the process sooner. We do not believe this will impact our first unit commercial operation date in 2016, and we still expect to receive our COL in the second half of 2011.

That concludes our prepared remarks. Jimmy, Steve, and I will now be glad to respond to any questions you might have.

#### QUESTION AND ANSWER

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#### Operator

(Operator Instructions). We will pause for just a moment to compile the Q&A roster. Our first question comes from the line of Chris Bassett with Decade Capital Please proceed.

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#### Chris Bassett - Decade Capital - Analyst

Good morning, guys.

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#### Jimmy Addison - SCANA Corporation - SVP, CFO

Good morning.

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#### Chris Bassett - Decade Capital - Analyst

Just had a question about that tax credit that you realized this quarter. Is that imbedded in the newly updated 2009 earnings guidance?

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#### Jimmy Addison - SCANA Corporation - SVP, CFO

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It is.

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**Chris Bassett - Decade Capital - Analyst**

Okay. Great. And then on the SCANA Energy side of things, I understand you've lowered the ongoing sort of earnings there, so I think about that as being down a nickel. What were you guys expecting beforehand?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Well, in the ballpark of about \$0.25 per share.

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**Chris Bassett - Decade Capital - Analyst**

And you can provide some more color on sort of what happened there on the margin side?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Yes, it is really -- it is not unique to SCANA Energy. It is the entire marketplace. It has really changed. If you think back to post hurricanes Katrina and Rita and \$12 to \$15 national gas price, with the majority of the market then on variable rates, a lot of folks had to pay some steep gas bills because of the cost of gas, not the margins, for that upcoming winter. And as gas prices have come down to fairly incredible lows recently, more have elected to go with fixed rate plans. So for competitive reasons, I'm not going to give you our exact portfolio of mix but I will tell that you the market as a whole has moved from substantially variable to more a balanced portfolio between the two. And when you've got the fixed rate plans, they're just not the repricing every month, there's not the volatility, et cetera, and the margins are just naturally lower.

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**Chris Bassett - Decade Capital - Analyst**

Okay. Great. Thank you.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

You're welcome.

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**Operator**

Our next question comes from the line of Michael Lapidès. Please proceed.

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**Michael Lapidès - Goldman Sachs - Analyst**

A handful of questions. I apologize for taking a little bit of time here. One, can you walk me through the various rate actions that will go into place either the in fourth quarter of 2009 or during the course of 2010? So kind of items that have already been approved or items that you have filed for or will likely file for. I'm just trying to think about the master list of potential rate changes across your regulated subs.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Well, the first, you know, each year, you're familiar with the RSA at SCE&G's natural gas business, so that is each November 1. And Kevin just discussed that a few minutes ago. That will go into effect next week. Then we have the nuclear-related increases, so we've got the new rates that are filed each year. And that goes into effect each fall as well. So we've got those. We filed those in May. They go into effect five months later. So basically end of this week, those will be effective. And we expect to stay on that annual schedule for the foreseeable future. We see no reason to vary from that.

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The other increase -- of course in North Carolina, we've got the usage tracker, where there's a deferral mechanism, so if there is a reduced consumption, or an increased consumption for a customer, that is adjusted for every six months. So that leaves the electric business non-nuclear, and we're at the point now where we're evaluating what we're going to do with that business. We've talked a great deal the last few quarters about the \$500 million of environmental expenditures we've made to comply with federal law, to support clean air, and we do not have that yet in rates. We need to do that at some point fairly soon. And we expect to tell you more on that within the next 90 days or certainly by our year-end earnings release in early February. So that's kind of the lay of the land from a rate increase perspective. Kevin, anything else to add?

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**Kevin Marsh - SCANA Corporation - President - SCE&G**

I think that covers it.

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**Michael Lapidès - Goldman Sachs - Analyst**

Can you -- Jimmy thank you, and Kevin, thank you. On the RSA, can you repeat the amount? And can you just kind of walk me through the mechanics again? I just want to refresh my understanding.

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**Kevin Marsh - SCANA Corporation - President - SCE&G**

The RSA is filed early in the year. The adjustment we're going to have this time is \$13 million. That will be effective in bills starting in November. As you recall, the way that works is we have an established allowed return of 10.25%, and the commission allows us to take a snapshot of that each March 31, and if we fall more than 50 basis points below that, we file the necessary schedule to bring it back up to the authorized amount, which is exactly what we did this year. So you will see \$13 million on an annual basis. That was about a 2.5% increase in rates.

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**Michael Lapidès - Goldman Sachs - Analyst**

Got it. And Jimmy, or Kevin, one other item. Are there other -- are you contemplating filing a South Carolina electric and gas, gas utility rate case, or also a PSCNC rate case over the next 12 to 18 months?

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**Kevin Marsh - SCANA Corporation - President - SCE&G**

From an SCE&G perspective, the RSA is designed to take care of that on an annual basis. Unlike the electric side where you have major components that go with a major plant restructure and we're looking at the scrubbers. The gas is more normal trend. Regular increases. So we can pick those up on a smooth basis year to year. And that is an annual adjust to make the filings to recover those investments. There is not something outside of that unless it would be something that would be very unusual.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

And Michael, with regard to North Carolina, with the increase that was there last fall, we're earning near our allowed return in North Carolina. So I don't see one there within that 12 to 18-month time period unless something really radically changed in the marketplace.

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**Michael Lapidès - Goldman Sachs - Analyst**

Got it. Last item, I got pulled off the call for a second, so I'm going to make sure I understand. Can you revisit your comments regarding the nuclear CapEx schedule?

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**Kevin Marsh - SCANA Corporation - President - SCE&G**

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We've provided those information in the filing that has gone before the commission, the quarterly updates. We've got all of the amounts that would show what we expect to spend. The think the important point there is the last schedule we filed with the commission, updated the shift about \$400 million. That would push out beyond the commercial operation dated 2011. So I think the best source of that is to pull that information from the Web site, or we can give you those details through Brian Hatchel.

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**Michael Lapidès - Goldman Sachs - Analyst**

Got it. Thanks, guys.

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**Kevin Marsh - SCANA Corporation - President - SCE&G**

Thanks.

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**Operator**

We have a follow-up question from the line of Chris Bassett with Decade Capital. Please proceed.

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**Chris Bassett - Decade Capital - Analyst**

Just wanted to follow up on the preliminary thoughts on 2010. Do you have any comments on load next year, and anything around sort of your expectations for economic recovery?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Well, Chris, that is the question of the day. Anywhere, I guess, but certainly here as well. And all we can tell you, at this point, is that we've seen things really moving sideways the last couple of quarters. We've not seen it go down further. There are some possibilities of potential industrial announcements in and around our area that could be significant, and we expect some of those within the next week or two, specifically related to Boeing that's been out on the press, a large potential 787 dreamliner assembly line in Charleston, South Carolina, in our territory. Several hundred jobs, maybe over 750. But more broadly, we really see things more flat from second quarter to third quarter, as it relates to consumption.

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**Chris Bassett - Decade Capital - Analyst**

And then also in regards to 2010, on the pension side of things, any idea whether we're going to have any incremental expense next year? And I guess tied to that, I may have missed it, with Michael's questions, but any additional clarity on timing for getting recovery and rates of some of the expenses and new plants and service?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Yes, as it relates to pension, you may or may not be familiar with the deferral order we have from the South Carolina commission that relates to both the electric and gas businesses in South Carolina. But they've allowed us to defer the incremental costs as a result of the investment decline in South Carolina. And that's been in place now, I'm estimating here, but maybe about 18 months. So that we've not had any effect, in the regulated business in South Carolina, because of that reduction. During that period, we've also had a substantial recovery of the asset, and we're now back at the point where -- well, let's start off before the investments really declined a year ago. We had about \$1.30 in assets for every \$1.00 in liabilities. So we were in very good shape as relates to our pension assets, related to the liabilities.

We are now back above water. So I think the low point we got down, it was in the 80% range. But we're now back with assets exceeding the liabilities. So we feel good about where we are. We don't expect any incremental pension expense until we go in for a base rate proceeding at the time the commission would take up their prior deferral, and then I expect what they would do, and what we would propose, is to take this deferred expense that has accumulated on the balance sheet in the interim and select some amortization period of three years or so and spread that over it. Although at the time, we would get additional revenue to offset that. So I don't see any incremental expense next year. And a long way to answer your question.

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**Chris Bassett - Decade Capital - Analyst**

Thank you. And then finally, on timing for new rates in effect, it would be fair for me to assume the middle of next year?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Well, we've got basically a seven-month window. We've got a 30-day notice period and then six months from the date of filing. And typically what we do is give the 30-day notice and file the case 30 days later, and six months from that date, they're in effect. So all we're prepared to tell you today is that we will let you know more about that within the next 90 days. So you know, are you going to have to make your own assumption around that. I'm sorry, I can't be more specific.

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**Chris Bassett - Decade Capital - Analyst**

Okay, thanks.

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**Operator**

Our next question comes from the line of [Jonathan Reader] with Wells Fargo. Please proceed.

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**Jonathan Reader - Wells Fargo - Analyst**

Good morning, Jimmy. Could you go over, any impacts from weather this quarter, and kind of what it did on sales and margin?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Yes, weather was \$0.02 positive compared to last year's third quarter. And it was just slightly negative versus normal weather. It was not a large driver for the quarter.

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**Jonathan Reader - Wells Fargo - Analyst**

Okay. That's all I had. Thanks.

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**Operator**

Our next question comes from the line of Tim Winter with Gabelli. Please proceed.

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**Tim Winter - Gabelli & Co - Analyst**

Good morning, Jimmy. Just two quick questions. One is do you know what the earned ROE is of the electric business at SCE&G for the trailing 12 months?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Yes, Tim, just a second. I think we're about 9.35.

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**Tim Winter - Gabelli & Co - Analyst**

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Okay. And then can you just update us on the intended financing plans for 2010, the program equity, what the dollar amount is?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Yes, Tim, we don't have a great deal to do over the next 14 months or so that really there is -- that really ramps up more consistent with the nuclear CapEx, in 2011, and afterwards. But to specifically answer your question, let me just finish up on 2009 here, we got a small bond deal to do. In the past quarter, I think I suggested to you that would be in the 175 range, with the cash, we received from this tax resolution, we now estimate that to be in the 150 range. So that is a little bit of an incremental help for the balance of this year, but for the next 30 years, as we expect to do a 30-year deal. And then for next year, we have -- our plan is to do equity in the 130 to 150 range. We've not been more specific about when we might do that. All I would tell you repeat what I've -- is repeat what I've said in the past, which is the way base load review law is constructed, when you take the snapshot at the end of may when we make our annual filing you remeasure our cap structure so if you were going to do it in the middle of the year, it would make more sense to do it before that filing then afterwards. If we don't need the equity until later in the year, then it is a different issue, but generally in that 130 to 150 range next year and of course that is increment toll the 80 to \$90 million we expect to raise from our 401K and our dividend reinvestment plans.

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**Tim Winter - Gabelli & Co - Analyst**

And then one follow-up on that. When is the last date that you can get equity included in the rate filing? In other words, would you need to issue equity before making a rate filing? To get it included in the --

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

For the nuclear?

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**Tim Winter - Gabelli & Co - Analyst**

No, for the general rate case, if there is one.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

No, you can reach out, for any known and measurable increase, up through really the hearing.

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**Tim Winter - Gabelli & Co - Analyst**

Okay. Great, thanks.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

You're welcome.

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**Operator**

(Operator Instructions). Our next question comes from the line of Dan Jenkins. Please proceed.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Good morning.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

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Good morning.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

First, I just want to follow-up on this rate increase, to make sure I've got the numbers right. I think you said you expect 13 million to go in effect next month for the RSA, and then is it 22.5 million from the BLRA rates? So is that -- so it would be 35.5 million combined? Am I thinking about that right?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

That's right, Dan.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Okay. And on the BLRA one, how much was the incremental CWIP incurred during the 12-months there.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Dan, let me see if I have that. I don't even know if I have that with me. Brian may be able to provide that later. I really only have that kind of broken down annually during the life cycle of the plant. I don't have it broken down, tied into the filing of the BLRA.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Over the next few years, is the amount incurred over that period similar to what you expect over the coming periods? Or when we're kind of thinking about this rate proceeding going forward, how does that kind of play out?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

No, I understand your question now, Dan. The best thing I can do is to refer you either to our site or to the PSC site to look at the expected -- we've got the expected revenue increments laid out in our filings. So those will be there completely transparent for the life of the project, what we expect to -- the future amounts comparable to the 22.5 million are laid out in our filings.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Oh, okay. So that's -- is that on the Web site you said?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

It is. You can get it at SCANA.com under investor information or you can get at the PSC site I believe. But Brian can refer to you the specific site afterwards.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Okay. That would be great.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Okay, I will have him e-mail you that.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Okay. That would be good. I was also wondering, do you have the nine-month cash from operations for the nine months ended 9/30?

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Dan, I only have that in draft form and I really need to hold that confidential until we release that with our 10-Q filing likely next week.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Okay. Then I was curious on the nuclear outage. Is that going to be a normal outage? And what's the time frame that you expect the plant to be back available?

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**Steve Byrne - SCANA Corporation - Chief Nuclear Officer**

This is Steve Byrne. The refueling outage at VC Summer is a standard type refueling outage. We do have a couple of large projects that are going to go on, but the duration is 43 days, and we started it on October 15, so sometime in late November, we should be back.

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**Dan Jenkins - State of Wisconsin Investment Board - Analyst**

Okay. I think that's all I have. Thanks.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Thanks, Dan.

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**Operator**

Our last question is a follow-up from the line of Michael Lapidès from Goldman Sachs. Please proceed.

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**Michael Lapidès - Goldman Sachs - Analyst**

I'm trying to think about the impact of regulatory lag on BLRA revenue and cost recovery. Go to appendix 2 of I think it was the second quarter BLRA updated, it shows that you are expecting to spend about \$405 million on the project this year, meaning in fiscal 2009. The rate increase of \$22.5 million doesn't necessarily, I think, match up with what would be enough of a rate increase to enable you to earn your cost of capital. Your kind of pre-tax cost of capital on the \$405 million. I may be missing something. Can you all walk me through kind of the time line and whether there is lag impacting, et cetera.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Michael, the only thing you're missing is AFC. If you look at the AFC earned during the nine months ended September 30, it is up \$15 million over the comparable period of last year. And I would expect that to accelerate commensurate with the CWIP incurred during the period. So we're going to get the AFC. Granted that is noncash. But that would be rolled into next year's BLRA filing and collected in cash revenue that year. And you will probably remember because of that, the overall capitalized interest on the plant projected at completion is around 4%. So it is really minimized because of the cash recovery.

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**Michael Lapidès - Goldman Sachs - Analyst**

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Got it. Okay. Thank you, guys.

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**Operator**

This concludes the question-and-answer period. I would now like to turn the call back over to Jimmy Addison for closing comments.

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**Jimmy Addison - SCANA Corporation - SVP, CFO**

Well, we appreciate the interest from all of you today. We have had another I would say good solid quarter. We are looking to see the economy recover so that we can give you more guidance for 2010 and we're pleased that our project stays on schedule here related to new nuclear. Thank you to all of you. And have a great day.

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**Operator**

This concludes our conference. You may now disconnect. Have a good day.

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