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Presentation

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.

(Operator Instructions)

As a reminder, this conference call is being recorded on Thursday, April 30, 2014 (sic). Anyone who does not consent to the taping may drop off the line.

At this time I would like to turn the conference over to Susan Wright, Director of Financial Planning and Investor Relations.

Susan Wright: Thank you, and welcome to our analyst call. As you know, earlier today we announced financial results for the first quarter of 2015.

Joining us on the call today are Jimmy Addison, SCANA's Chief Financial Officer, and Steve Byrne, Chief Operating Officer of SCE&G. During the call Jimmy will provide an overview of our financial results and related matters, and Steve will provide an update of our new nuclear project. After our comments we will respond to your questions.

The slides and the earnings release referenced to in this call are available at SCANA.com. Additionally, we post information related to our new nuclear project and other investor information directly to our website at SCANA.com. On SCANA's home page there is a yellow box containing links to the nuclear development and other investor information sections of the website.

It is possible that some of the information that we will be posting from time to time may be deemed material information that has not otherwise become public. You can sign up for email alerts under the Investor Relations section of SCANA.com to notify you when there is a new posting in the nuclear development and/or other investor information sections of the website.

Finally, before I turn the call over to Jimmy, I would like to remind you certain statements that may be made during today's call are considered forward-looking statements and are subject to a number of risks and uncertainties as shown on Slide 2. The Company does not recognize an obligation to update any forward-looking statements.

Additionally, we may disclose certain non-GAAP measures during this presentation. The required Reg G information can be found in the Investor Relations section of our website, under Webcasts and Presentations.

I'll now turn the call over to Jimmy.

Jimmy Addison: Thanks, Susan, and thank you all for joining us today.

I'll begin our earnings discussion on Slide 3. GAAP earnings in the first quarter of 2015 were $2.80 per share, compared to $1.37 per share in the same quarter of 2014. The improved results in the first quarter are mainly attributable to the net of tax gains on the sales of CGT and SCI and higher electric margins, due primarily to a Base Load Review Act rate increase and customer growth. Also, O&M presented a favorable variance, which is primarily attributable to CGT only operating as part of the SCANA family for one month.

These were partially offset by lower electric margins due to weather, lower gas margins, and expected increases in CapEx-related items, including interest, property taxes and share dilution. Note that even though weather had a negative impact on earnings year over year, it was still abnormally cold, and earnings increased by $0.05 per share in the first quarter of 2015, compared to $0.10 per share in the first quarter of 2014.

Slide 4 shows earnings on a GAAP-adjusted weather-normalized basis. Earnings in the first quarter of 2015 were $1.34 per share, compared to $1.27 per share in the same quarter of 2014. This excludes the impact of abnormal weather and the net of tax gains on the sales of CGT and SCI in the first quarter of 2015 of $1.41 per share.

Now on Slide 5 I'd like to briefly review results for our principal lines of business. On a GAAP basis, South Carolina Electric & Gas Company's first quarter 2015 earnings were relatively flat when compared to the same quarter of 2014. However, exclusive of the previously mentioned impacts of weather, earnings per share were up $0.05 in the first quarter of 2015 over the first quarter of 2014.

Increases in earnings were due primarily to the continued recovery of financing costs through the BLRA, customer growth and a decrease in operation and maintenance expenses. These items were offset by a decrease in gas margins as well as increases in expenses related to our capital program, including interest expense, property taxes, depreciation and share dilution.

PSNC Energy's earnings were $0.24 per share for the first quarter of 2015, consistent with the prior year.

SCANA Energy, our retail natural gas marketing business in Georgia, showed an increase in first quarter earnings of $0.03 per share in 2015 over last year. This improvement was primarily attributable to increased margins.

On a GAAP basis SCANA's corporate and other businesses reported earnings of $1.48 per share in the first quarter of 2015, compared to $0.08 per share in the prior year. Excluding the net of tax gains on the sales of CGT and SCI of $1.41 per share, GAAP-adjusted EPS was down $0.01 over the prior year. This is mainly attributable to lower interest expense at the holding company being more than offset by the foregone earnings contribution from the subsidiaries that were sold.

I would now like to touch on economic trends in our service territory on Slide 6. We continue to see new business growth and expansion of existing businesses. So far in 2015 companies have announced plans to invest over $600 million, with the expectation of creating over 1,600 jobs in our Carolinas territories.

Most significantly, Mercedes Benz announced plans last month to invest about $500 million to build a new commercial van assembly plant in Charleston, creating approximately 1,300 jobs. South Carolina continues to be seen as a favorable place to start and/or expand existing businesses.

At the bottom of the slide you can see the national unemployment rate along with the rates for the three states where SCANA has a presence and the SCE&G electric territory. South Carolina's unemployment rate is now 6.7%, and the rate in SCE&G's electric territory is estimated at 5.6%.

While the South Carolina unemployment rate has slightly increased over the past few quarters, March marked the 64th consecutive month of employment growth and the 14th consecutive month of labor force expansion, as the number of people entering the work force is at an all-time high. Approximately 50,000 more South Carolinians are working today than a year ago.

Slide 7 presents customer growth and electric sales statistics. On the top half of the slide are the customer growth rates for each of our regulated businesses. We continue to see strong customer growth in our businesses and in the region.

SCE&G's electric business added customers at a year-over-year rate of 1.5%. Our regulated gas businesses in North and South Carolina added customers at 2.6% and 2.9%, respectively. Of particular note is the fact that all of these rates accelerated over rates a year ago.

The bottom table outlines our actual and weather-normalized kilowatt-hour sales for the 12 months ended March 31, 2015. Overall, weather-normalized total retail sales were flat on a 12-month ended basis. We continue to see slightly lower weather-normalized consumption at the residential level, reflecting anticipated energy efficiencies, which is offset by increases in industrial demand.

Now please turn to Slide 8, which recaps our regulatory rate base and returns. The pie chart on the left presents the components of our regulated rate base of approximately $8.9 billion. As denoted in the two shades of blue, approximately 85% of this rate base is related to the electric business.

In the block on the right you will see SCE&G's base electric business, in which we're allowed a 10.25% return on equity. The earned return for the 12 months ended March 31 in the base electric business is approximately 9.6%, meeting our stated goal of earning a return of 9% or higher to prevent the need for non-BLRA-rated base rate increases during the peak nuclear construction years. We continue to be pleased with the execution of our strategy.

Continuing down the page, on our new nuclear business we're allowed an 11% return on equity. Last year the Public Service Commission of South Carolina approved our 2014 request for revised rates under the BLRA, which added incremental CWIP of approximately $561 million to our rate base and increased rates by approximately 2.8% in November. As Steve will discuss shortly, we will be filing our new revised request for rates in May.

Our regulated gas businesses in the Carolinas continued to perform well. We're allowed a return on equity of 10.6% and 10.25% in North and South Carolina, respectively, and we continue to operate these businesses within a reasonable range of those returns.

Slide 9 presents our CapEx forecast. This forecast reflects new nuclear spending, as reflected in the petition filed with the Public Service Commission of South Carolina on March 12, 2015. At the bottom of the slide we recap the new nuclear CWIP from July 1 through June 30 to correspond to the periods on which the BLRA rate increases are historically calculated.

Now please turn to Slide 10 to review our estimated financing plan through 2017. As a reminder, in January we issued approximately $14 million in equity through our 401(k) and DRIP plans before turning the plans off to new shares. By acquiring shares on the open market to satisfy the needs of these plans, we can further utilize the cash proceeds from the sales of CGT and SCI. We do not anticipate the need for further equity issuances until 2017 and currently expect we could satisfy future needs without follow-on offerings.

While these are our best estimates of incremental debt and equity issuances, it is unlikely that these issuances will occur exactly as presented, as they are subject to changes in funding needs for the planned project expenses and we continue to adjust the financing to match the related CapEx on a 50/50 debt and equity basis.

Finally, on Slide 11, we are reaffirming our GAAP-adjusted weather-normalized earnings guidance of $3.60 to $3.80 per share, along with our internal target of $3.70 per share. Our longterm GAAP-adjusted weather-normalized average annual growth guidance remains unchanged, as we plan to deliver 3% to 6% earnings growth over the next three to five years using a base of 2014's GAAP-adjusted weather-normalized EPS of $3.58 per share.

I'll now turn the call over to Steve to provide an update on our nuclear project.

Steve Byrne: Thanks, Jimmy. Please turn to Slide 12. I'd like to begin by discussing the petition that SCE&G filed with the Public Service Commission of South Carolina on March 12. The petition is seeking approval to update the construction milestone schedule as well as the capital cost schedule for the two new nuclear units.

The construction schedule, without consideration of all mitigating strategies, includes a substantial completion date of June of 2019 for Unit 2 and June of 2020 for Unit 3. The new capital cost schedule includes incremental capital costs that total $698 million, of which $539 million are associated with the delay and other contested costs.

As previously noted, negotiations continue with the consortium, and neither SCE&G nor Santee Cooper has accepted responsibility for any contested and/or delay-associated costs. Further, we cannot predict when these negotiations will be resolved.

I'd now like to discuss some of the activities at the new nuclear construction site. Slide 13 presents an aerial photo of the site from last December. Here you can see the layout of the site. I've labeled both Units 2 and 3 as well as many other areas that make up the construction tabletop. The site changes daily, and for those of you that have been tracking the project for some time you can see that progress continues to take place.

On Slide 14 you can see a picture of the Unit 2 Nuclear Island. In this picture you can see module CA20, along with the containment vessel ring one, which has been placed on the containment vessel lower bowl. Also visible in this photo are the personnel and equipment hatches, which are located in the first ring section. Work continues on the containment vessel to prepare it for placement of CA01, which we will discuss shortly.

Progress continues on achieving what we term elevation 100 as auxiliary building walls are being built up. Once elevation 100 has been reached, work will begin on the annex building, which will house the electrical switch gear for the plant as well as placing of the shield building panels.

Slide 15 presents a schematic of the large structural modules that will be located inside the containment vessel, and here you can see the locations of modules CA01, 02, 03 and 05, which we will further discuss shortly.

Slide 16 has another schematic view of the modules inside of the containment vessel. This exploded view of CA01 through 05 gives you a better feel of how they fit spatially inside said containment vessel.

Slide 17 shows a recent picture of Unit 2 module CA01. CA01 houses the steam generators, the pressurizer, and forms a refueling canal inside of the containment vessel. On the right-hand side of the photo you can see an arc flash from the automatic process that's seam-welding the submodules together. This seam-welding on all submodules in preparation for lifting has been completed in the module assembly building, or MAB. Once support concrete has been placed and cured, the CA01 module will be moved outside of the MAB, rigged to the heavy lift derrick and set in the Unit 2 containment vessel.

After the placement of CA01 for Unit 2, the next module to be placed will be module CA02. Slide 18 shows a picture of CA02 as it is currently being fabricated. We now have all five submodules onsite, with three standing upright for assembly in the MAB. Module CA02 is a wall section that forms part of the in-containment refueling water storage tank located inside that containment vessel.

Slide 19 shows a picture of the Unit 3 Nuclear Island. The containment vessel lower bowl has been placed, and the auxiliary building walls continue to take form.

On the left side of Slide 20, you can see a picture of the Unit 2 turbine building. I have added an arrow showing where the construction is taking place for the turbine pedestal. On the right you can see a picture from the top of the turbine building of the turbine pedestal. The turbine pedestal will be concrete, 10 feet thick, and will support the Unit 2 turbine when completed.

Slide 21 shows some of the shield building panels that have arrived onsite for Unit 2. The shield building surrounds the containment vessel. These panels will be welded together, and concrete will be poured inside of the panels to create the shield building. On the left you can see one of these panels up close, and on the right you can see the laydown yard where we have been receiving these panels. We currently have received about 60 of the 167 Unit 2 panels that were manufactured by Newport News Industries.

On Slide 22 you can see where we have begun assembly of the shield building panels. Once joined and welded together panel sections will be placed starting at elevation 100.

On Slide 23 you'll see the new nuclear CapEx, actual and projected, over the life of the construction. This chart reflects our company's current, actual and estimated new nuclear CapEx during the years 2008 to 2020, reflected in the petition filed March 12 with the Public Service Commission. As you can see, the next several years are the peak nuclear construction period. The green line represents the related actual and projected customer rate increases under the BLRA and is associated with the right-hand axis.

Please now turn to Slide 24. We have two BLRA filings coming up in May. In mid-May we will file our quarterly status update with the Public Service Commission, and, as mentioned earlier, on May 29 we will make our annual request for revised rates under the BLRA.

Finally, please turn to Slide 25 to briefly discuss our solar initiative in South Carolina. Our customers and other South Carolina stakeholders have expressed a desire for solar energy, and we've been looking for ways to economically integrate additional solar into our generation portfolio.

As a part of the Distributed Energy Resource Program, which was filed with the Public Service Commission in February, SCE&G plans to add approximately 95 megawatts of renewable energy by the end of 2020. In 2015 we plan to install approximately 10 megawatts of solar generation to our system. As you can see from the slide, the first two solar farms will be a 3.8-MW solar farm in Cayce, South Carolina, adjacent to our corporate headquarters, and a 500-KW solar farm that will be constructed in North Charleston, South Carolina.

That concludes our prepared remarks. We will now be glad to respond to any questions you might have.

Questions & Answers

Operator: We will now begin the question-and-answer session.

(Operator Instructions)

The first question comes from Travis Miller, of Morningstar. Please go ahead.

Travis Miller: Good afternoon. Thank you. I'm going back to the previous CapEx estimate for the 2015-2017 in the previous quarter. It looks like the delta there is about a $250 million or so on the new nuclear.

Jimmy Addison: Right.

Travis Miller: Is that part of that $698 million such that the balance of the $698 million would be post-2017? Am I getting the timing right there?

Jimmy Addison: That's correct.

Travis Miller: Okay. And then how much cash did you get from the CGT and SCI sales that could go into offsetting that equity?

Jimmy Addison: It was a little over $425 million, Travis.

Travis Miller: Okay. And now, like you said, you plan to use as an equity investment to fund the CapEx?

Jimmy Addison: Right, over time. It'll take us the next couple of years to fully utilize that through displacing otherwise planned equity.

Travis Miller: Great. Okay. Thanks a lot.

Jimmy Addison: Sure. Thank you.

Operator: The next question comes from Michael Weinstein, of UBS. Please go ahead.

Michael Weinstein: Hi, guys. Just wondering if you could give us any kind of update or color on how the negotiations are going with the consortium.

Steve Byrne: Michael, this is Steve. I think the only color I can put around it is they are ongoing. The positive aspects are they haven't completely broken down yet, and we always would reserve the right or the opportunity for other dispute resolution down the road, whether that be arbitration or litigation. But as of right now we're still in the discussion phase with the consortium. Obviously arranging schedules with our executives has been challenging, but we're -- we haven't given up on the negotiation discussions, and we feel that there's an opportunity for a settlement in the future.

Michael Weinstein: If there is no settlement, what is the other alternative? Is it litigation?

Steve Byrne: Yes, the contract has in it a variety of dispute resolution provisions. Arbitration is one of those, but litigation would be the ultimate one.

Michael Weinstein: And I was just wondering if you could maybe go over a little bit more about your strategic plan for solar. How much rate base essentially is there going forward? Are there new initiatives, new legislative initiatives that might expand that even further? Are you going to be going outside of the state at all to expand beyond your borders?

Steve Byrne: Michael, this is Steve again. As of right now the legislation in South Carolina is through Act 236, and that will be restricted to the state. Our current plans do not take us outside of the state borders. As of right now what we're looking at is it works out to be about 2% of peak load, so that works out to somewhere in the 50-MW range of industrial-scale solar and roughly 50 MW of non-industrial or residential/commercial-scale solar. So that's what our goals are between now and about 2020. And what we've outlined here are the first of the projects that we have planned.

Now, whether we own those upfront or not will be a question, and right now we're not thinking that we will own those necessarily upfront. Other entities can take advantage of things like tax credits that we are not able to take advantage of. I think eventually we will probably own them.

We also have about 300 or so customers in our system right now with solar, all relatively small commercial and residential scale, in addition to about a 2.3-MW facility we have down at Boeing. Now, we do anticipate that we'll end up with somewhere in the range of 5,000 commercial and residential customers after 2020 through this state-approved program.

Michael Weinstein: And when you say that eventually you think you'll own them, you mean after the five-year period after the ITC?

Steve Byrne: Yes, I think so. We'll have to see how the tax legislation plays out, but that's our current thinking, anyway.

Michael Weinstein: Okay. Thank you very much.

Operator: The next question comes from Jim von Riesemann, from Mizuho. Please go ahead.

Jim von Riesemann: Good morning, or good afternoon, guys.

Jimmy Addison: Hello, Jim.

Jim von Riesemann: How are you?

Jimmy Addison: Great. How are you?

Jim von Riesemann: I'm okay. I've got three questions, if you don't mind, so one question, three parts. First one is your trailing 12-month earnings on a weather-normalized basis is $3.62. How do you get to the midpoint of your range of $3.60 to $3.70 so you guys hit your $3.70 target?

Jimmy Addison: Yes, $3.60 to $3.80 with a $3.70 target, right? So, yes, so the way we get there is through customer growth and through the growth in rate base which is driving the BLRA increases. So those are the two main contributors.

Jim von Riesemann: Can you explain -- okay, thank you. Second question is can you explain why the nuclear rate base has stayed flat for the last three consecutive quarters at $2.667 billion? I'm looking at your pie chart on Page 8.

Jimmy Addison: No, I can't off the cuff, Jim. That doesn't sound rational. So we'll have to check on that and follow up.

Jim von Riesemann: Okay. And then my last question is with this petition that you're supposed to put in later this month and at the end of the month, will you ask specifically for the special petition and then the normal BLRA filing to be consolidated, or is that something that the regulators will have to do, and (b), part (b) of that question, is it a function of the status of negotiations?

Steve Byrne: Jim, this is Steve. The two proceedings before the Commission will stay separate. Remember that what we file for in May is a trailing 12 months, so it's what we've actually spent and really does not have anything to do with what we're proposing going forward. And in large measure what we're asking for with the update petition, and, again, we expect a hearing in the July time frame and an order in the September time frame, will be forward looking, so that's money we haven't yet spent. But it's our best projection today as to what we will end up spending on the project. So those two will stay distinct and separate.

Jim von Riesemann: Okay. Okay, and then I guess the last question is related to PTCs and what you might think might happen with nuclear PTCs. I know you're coming up against the time clock, and I noticed today that DTE, at least -- the press release was a little bit skittish, but they're going to -- they're putting in for a new nuclear plant. Is that part of the PTCs, and would that take away from the PTCs that you guys have applied for?

Steve Byrne: I think DTE applied for a combined operating license for another nuclear facility some time ago, and I think the press release today is around the successful culmination of that process for them. They will not qualify for production tax credits, because you had to have your license issued by a date certain and we're past that date certain, so that will not change the production tax credit basis for us.

We believe that, and I think it was outlined in our filings, that we will actually be qualifying for more production tax credits than we had originally anticipated in our original filing. So that's a positive aspect. And we will -- we fully anticipate that the consortium will be able to bring the plants in by June of 2019 and June of 2020 for the second unit.

So the production tax credits, and you qualify for them by having the plant in service before the end of 2020. So while I'm not satisfied with only having about six months' margin, we do believe that there are some opportunities, particularly on that trailing unit, or Unit 3, for us to bring that in a little bit earlier.

Jim von Riesemann: Okay, great. Thank you, guys.

Operator: Our next question comes from Michael Lapides, from Goldman Sachs. Please go ahead.

Michael Lapides: Hey, guys. Congrats on a good quarter. A couple of nuts and bolts questions. Jimmy, can you give a little more clarity about what happened year over year in O&M? Was it at one of the utilities or was it just losing the O&M related to the businesses you sold?

Jimmy Addison: Yes, well, there's a little fluctuation in all of the business. I mean, there have been pay increases earlier in the year for the employee base across all the businesses, etc., some minor inflationary increases with outside vendors. But the most significant change would be the two months of CGT O&M not being in there. That's the most significant one.

Michael Lapides: Got it. And also, when you look at O&M for the year relative to last year at both SCE&G and PSNC, what are you expecting in terms of growth or kind of growth rates?

Jimmy Addison: Yes, well, if you look at it on the face of the financials with the GAAP O&M as reported last year to include the two businesses we've sold, we would expect them to be down for the face of the financials in 2015 compared to 2014 in the 1% to 2% range, because you don't have the O&M for those two businesses for the majority of 2015. If you kind of strip those out from the prior year related to those two small businesses, then we'd expect it to be up maybe 1%, something like that, but fairly close to flat on apples to apples.

Michael Lapides: Got it. So kind of just traditional utility O&M, kind of flat to up 1%?

Jimmy Addison: Yes. That's our expectation.

Michael Lapides: Last question, just real quick, when do you think -- I know you're trying to avoid it -- when do you think you'll have to come in on either the SCE&G gas or electric side, maybe looking more a little bit at the gas side just given the earned ROE there is a little lower than what it is on the electric?

Jimmy Addison: Yes, so on the electric side our strategy continues to be to do everything we can possibly do to stay out of a base rate increase other than the BLRA increases each year during these peak nuclear construction years. So that hasn't changed, and we've defined our internal goal as staying above a 9% return to be able to achieve that.

On the gas side we've got the Rate Stabilization Act in South Carolina which measures it each year. And so at the end of the heating season, at the end of the first quarter, and of course the numbers we disclosed there for the gas business were at 12/31, but once they settle out that and make the pro forma adjustments, the Office of Regulatory Staff will review it.

And if it's more than 50 basis points either way off the 10.25% allowed return there'll be a recommendation to the Public Service Commission that rates be adjusted. For example, last year we were above the allowed return by more than 50 basis points, so there was a small rate decrease of ballpark $3 million, and that same measurement will happen this year.

Michael Lapides: Got it. One other item real quick, SCANA Energy, anything unusual on the positive side in the quarter, or is this kind of more of a return to normal and last year it was a bit of abnormal?

Jimmy Addison: Well, the main difference is in 2014 we worked very hard to work on the cost of our storage gas that's there. And with the weather that'd been there the last few years and the embedded price of that we were not able to use a lot of that storage to fully respond to the current market price. And we were able to move through a lot of that higher cost gas in 2014, and that's put us in a better position to use that storage to be able to compete in 2015. So we're in a much better position now.

Michael Lapides: Got it. Thank you, Jimmy. Much appreciated.

Jimmy Addison: You're welcome.

Operator: (Operator Instructions)

The next question comes from Mitchell Moss, of Lord Abbett. Please go ahead.

Mitchell Moss: Hey, guys. I just want to get your views on the importance of being investment grade at all three rating agencies for your holding company, for SCANA HoldCo, and particularly having an investment grade rating at Moody's.

Jimmy Addison: Well, it's critically important at the operating company, where we expect to issue a substantial amount of debt the next few years. Most of these -- of the organizations have a linking methodology so that they're going to ratchet down the HoldCo slightly less.

It's clear that especially with the extended period of construction for the new nuclear plants that it's going to be difficult on some of the metrics to maintain some of the current ratings at the operating companies, and that's likely going to put more pressure on those. And if those were to change, then by methodology it's possible, probable, that the HoldCo ratings could change, as well. So it's possible those could slip slightly below investment grade at the HoldCo. But we expect that the OpCo would be able to maintain the investment grade ratings.

Mitchell Moss: So, in other words, you don't see any need to be investment grade at the holding company?

Jimmy Addison: I wouldn't say we don't see any need to. It's a matter of juggling everything we have to juggle and running the operating company at reasonable equity levels that the regulators will endorse. So there's only so much we can do with that.

And the real strain on the metrics is the longer -- although the BLRA is a very effective mechanism, all it allows us to do is to recover the financing cost during the construction period. We're not recovering the actual construction cost of the plants until they start depreciation. That's when we get that -- the recovery of the actual cost of the plants. So the longer that period is drawn out with increased cost of the plants it's going to put more pressure on the cash flow ratio.

So I wouldn't say we don't think it's important. It just may be very, very difficult to do with juggling all of the factors we have to juggle.

Mitchell Moss: So, in other words, when Moody's has discussed that FFO to debt needs to improve above 13% and RCF needs to improve above 8% or 9%, you don't see that likely happening over the next two years based on just how the BLRA recoveries are designed? Is that effectively what you're saying?

Jimmy Addison: Yes, it's going to be a challenge. That's fair.

Mitchell Moss: Okay. Thank you.

Jimmy Addison: You're welcome.

Operator: The next question comes from Andy Levi, from Avon Capital Advisors. Please go ahead.

Andy Levi: Hi, good afternoon. I actually wasn't going to ask a question, but just interesting, the last question, so prompted a question for me. So just understanding, because SCANA Corp.'s Triple B, so obviously you wouldn't defend that Triple B rating, is that what you're saying, if need be? Well, I don't mean defend it verbally. I mean defend it financially. So if the Triple B rating at SCANA Corp. was in jeopardy, you wouldn't issue equity or come up with some equity to defend that Triple B?

Jimmy Addison: Well, we'd have to look at the situation as we get there. But in the short run here we've strengthened the balance sheet a great deal in one quarter with the $400 million plus of cash we've brought in. So it's significantly stronger today than it was 90 days ago.

What we've got to do is move through the project, see how these negotiations go, see what the schedule looks like and respond dynamically during the situation. But I can't say that in every case we would keep -- we would issue additional equity just to keep that bond rating at investment grade at the HoldCo.

Andy Levi: Okay. And just to understand, because I guess I had a different impression, or maybe I'm just misinterpreting, but the sale of the pipe, was that to defend the rating or was that done because it made the most economic sense, or a combination of the two?

Jimmy Addison: It was actually done for strategic focus on our retail businesses. The byproduct was what I was mentioning earlier. In the short run here it strengthened the balance sheet substantially. But it was really about focusing on retail businesses, which is core at what we do. So everything that's left in the portfolio is about being focused on those retail businesses in these three states.

Andy Levi: Okay. I'll discuss it with you next time I meet with you. But thank you very much.

Jimmy Addison: You're welcome.

Operator: The next question comes from Tim Winter, of Gabelli & Co. Please go ahead.

Tim Winter: Good afternoon, guys. I was wondering if you could update us on the development of the Sanmen units over in China and if there's any -- what the target completion dates are there, and if there's any issues that we should be aware of as it relates to Summer.

Steve Byrne: Tim, this is Steve again. I can only give you what our understanding is of the schedule at Sanmen. I can't speak for Sanmen, either the utility, the construction company or even Westinghouse. But our understanding is that they have made good progress. The plant physically looks like a complete plant. They would plan to go into production or be operational at the end of 2016. So they continue to be about two and a half years ahead of us, and they're making good progress.

The latest holdups for them, the reactor coolant pumps are probably two-thirds to three-quarters of the way through an extended engineering and endurance run, with no problems noted to date. So with that behind them, that should allow them to get into hydroing the primary side, or the reactor coolant system side, which they hope to get to late this year.

But I believe they've made very good progress there. I know they've just been into flushing the secondary side of the plant, or the turbine building side. I think they've started the flush of the primary side of the plant, or the reactor side. So we're heartened by good progress there. And our team will be making another trip to China I think it's next week. So we'll be visiting China next week with a team that includes members of SCE&G and Santee Cooper.

Tim Winter: Okay, great. Thank you.

Operator: The next question comes from Dan Jenkins of the State of Wisconsin Investment Board. Please go ahead.

Dan Jenkins: Hi, good afternoon.

Jimmy Addison: Hello, Dan.

Dan Jenkins: I just wanted to make sure that I understand correctly. I'm looking at your Exhibit 1 that you filed in March related to the construction schedule at the nuclear plant, along with your Slide 16, I guess, and just want to make sure I understand kind of the order here. So is it -- so CA04 is already set, right? And then is the next thing going to be CA03, followed by CA01 and CA02? Is that -- am I looking at that properly?

Steve Byrne: No, we have set CA04. We've also set CA05. And then not inside of the containment vessel itself but just outside, forming most of the auxiliary building, is a module called CA20, which we've set. So the CA01 is actually being fabricated. It is -- the weld-out is finished to the point where we could lift it. So we're just waiting for some concrete to be prepped and poured and cured inside of that containment vessel to set CA01. And then after 01 I think it's 02. So 03 is actually one of the later ones to set.

Dan Jenkins: So CA01, CA02 and then CA03?

Steve Byrne: Right. 04 and 05 are already set.

Dan Jenkins: Right. And then are those critical paths so that 02 can't go in until after 01's been set and 03 can't go in until after 01 and 02? Is that true, or not?

Steve Byrne: Yes, Dan, there is a definite sequence to it, and 01 has to be next.

Dan Jenkins: Okay.

Steve Byrne: And there's -- and we're also -- 01 is also constraining the lift of the second containment vessel ring section just because of the height of that module.

Dan Jenkins: Okay. That's the only question I had. Thank you.

Operator: The next question comes from David Paz, from Wolfe Research. Please go ahead.

David Paz: Hey, good afternoon.

Jimmy Addison: Hello, David.

David Paz: Just a question, is a settlement with the ORS and other parties in your pending new nuclear petition possible absent a resolution with the consortium on the cost and schedule?

Steve Byrne: Yes, David, I think we're certainly going to pursue that option, because right now we don't know when the negotiations might be concluded with the consortium. So we would -- we're going to pursue that with the Office of Regulatory Staff and other intervenors to be settled, as in enter into a settlement agreement, prior to the conclusion of the negotiations.

Now, if the negotiations take a very positive turn and they're concluded, obviously that will impact how we proceed. But as of right now we're proceeding assuming that we will not have a settlement of the negotiations and we'll be pursuing a settlement agreement with the Office of Regulatory Staff.

David Paz: Okay. Great. Thank you.

Operator: (Operator Instructions)

And we have a follow-up from Jim von Riesemann, from Mizuho. Please go ahead.

Jim von Riesemann: Hi there, again. Sorry about this. I'm -- just listening to the call I'm getting a little confused. Maybe you can help me out. So what's more important for SCE&G is my question? Is it fixing the variable component, cost component of the contract, or is it having the plants come online ahead of the construction timeline that the consortium has proposed?

Steve Byrne: Jim, I'm not sure that I would say either is necessarily more important than the other. We believe that getting the cost right is very important, but it's also critical to us to have the plants come online no later than when the consortium says that they can deliver them to us, which, from our perspective, is already late. So I don't know that I would say one is necessarily more important than the other.

Jim von Riesemann: Okay. I'll follow up offline with you. Thank you.

Jimmy Addison: Thanks. Jim, let me follow up on your earlier question that I did not know the answer to at the time about why the 2.667 on the Chart No. 8 hasn't changed. That chart reflects the amount of NND CapEx that's included in rates, in cash rates. So, as we don't get new rates except once a year, the rate -- the additional CWIP that's been incurred since the middle of 2014 that's earning AFUDC is not included in that chart.

Jim von Riesemann: That's right. I should've known that. Sorry for answering that -- asking that question.

Jimmy Addison: I should've known, too. Sorry.

Operator: And we have a follow-up from Michael Lapides, from Goldman Sachs.

Michael Lapides: Hey, guys. Heard all the commentary regarding the holding company credit rating. Just want to make sure I -- and I may have missed this. Have you guys either gotten commentary from the rating agencies, been put on some kind of watch? Have they made any kind of proactive steps that would result in a downward change to the rating? And can you talk about if any covenant issues that would create or any cross-entity-related issues, something like that, would create, or even if it would have a material impact on your cost of borrowing?

Jimmy Addison: Michael, at the HoldCo we're on negative outlook with S&P and Fitch at Triple B and Triple B+. So there's room for a notch or two, respectively, in both of those and still remain in investment grade, obviously. And we're currently stable at Moody's.

The only thing I was mentioning is that some of them, and, frankly, I don't remember which one right now, have, and maybe most all of them, even, have these methodologies so that if the OpCo moves the HoldCo has to move by methodology by definition. We don't have anything other than that.

I think they're all watching the outcome for the HoldCo just like they are on the OpCo of this very, very important filing before the PSC and the BLRA update. So I think that is the key issue. I'm not aware of any kind of covenant issue or anything like that would cause any additional concerns.

Michael Lapides: But what about just cost to borrow, meaning how do you think about what it does to either short-term debt or borrowing costs in general? I mean, you've got a lot of capital to spend. You've got a lot of debt coming to help fund that capital.

Jimmy Addison: We do. And this whole conversation's been about the HoldCo debt. We don't have any additional debt that we plan -- new debt that we plan to issue at the HoldCo. I think there's maybe $500 million that would need to be refinanced at some point out 2019, 2020. That's well beyond the critical period where these ratios are going to be stressed. So we don't expect any incremental impact on borrowing cost at the HoldCo, because, frankly, we don't plan to do anything for the next four to five years there.

Michael Lapides: Got it. Thank you, Jimmy. Much appreciated.

Jimmy Addison: You're welcome. I appreciate the clarifying question.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Jimmy Addison, Executive Vice President and CFO, for any closing remarks.

Jimmy Addison: Thank you, Andrew.

The first quarter of 2015 has certainly been an eventful one, from the successful closings of the sales of the two subsidiaries to the petition filed with the PSC seeking approval of schedule and cost changes to our new nuclear project. We're very pleased with the results for the quarter, and we look forward to another successful year. And we thank you all for joining us today and for your interest in SCANA.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.