

Dominion Energy backs down on rate hike

Utility seeks to postpone petition with regulators amid virus outbreak

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Dominion Energy, the new owner of South Carolina Electric & Gas, wants to postpone its plan to alter ratepayers' monthly power bills due to the coronavirus pandemic and slumping economy.

Dominion, one of the country's largest power providers, had intended to file a new rate case with the S.C. Public Service Commission by May, likely asking to hike up the cost of electricity. But with the health crisis gripping the state, the Virginia-based energy giant sent a letter to the PSC on Wednesday asking South Carolina's seven utility regulators to delay that case until early August.

If the case is postponed, it means the electricity rates for more than 722,000 Dominion customers in South Carolina will remain unchanged until March 2021.

The state's utility commissioners had sent a letter to Gov. Henry McMaster and the leaders of the state Legislature on March 18 asking them to delay any pending rate cases during the ongoing pandemic. But the governor and General Assembly didn't take action to halt those legal matters.

That is why Dominion is voluntarily asking to delay its upcoming rate case now. According to the company's letter, Dominion is taking that step because of the dramatic effects the novel coronavirus is having on the state.

More than 1,000 people have been infected with COVID-19 in South Carolina and tens of thousands have been forced out work due to the public health response.

"Dominion Energy recognizes that there may never be an ideal time for a regulatory rate review," said Rhonda O'Bannion, Dominion's spokeswoman. "With this unprecedented crisis created by the coronavirus that has impacted everyone's lives in unimaginable ways, now is certainly not the time."

Utilities in South Carolina already stopped disconnecting people's gas, water and electricity during the pandemic at the request of the governor, and many are no longer charging late fees to people who don't pay their monthly bills on time. Dominion's decision to shelve its rate request is a far bigger step, however. It could impact the finances of the utility in the future. But delaying the case is likely the right decision for Dominion's public relations in South Carolina. The utility was already expected to face significant backlash from its ratepayers near Columbia, Orangeburg, Beaufort and Charleston when it unveiled its rate request this year.

Many of those customers are extremely angry they are still on the hook for \$2.3 billion over the next 20 years for the failed V.C. Summer nuclear project in Fairfield County.

That project was abandoned in July 2017, but as part of Dominion's takeover of SCE&G and its parent company SCANA Corp., ratepayers are expected to cover some of the sunk costs in the two unfinished reactors. When Dominion eventually files its new rate request, it will include any savings the company achieved as a result of its takeover of SCE&G and SCANA, O'Bannion said.

But it is also likely to contain a significant number of operational costs that ratepayers didn't reimburse the utility for during the decade-long nuclear project.

SCE&G ratepayers coughed up more than \$2 billion over the course of the V.C. Summer project, but that money was not for the general operating costs of the utility. It paid for the financing costs of the nuclear construction.

As a result, Dominion could be entitled to collect on some operating and maintenance costs that were incurred as far back to 2012. That was the last time SCE&G filed a normal rate case. The company will have to wait a few more months now before they can present those costs to the PSC.

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