ALAN WILSON
ATTORNEY GENERAL

January 15, 2020

Mr. Carlos M. Brown
Senior Vice President and General Counsel
Dominion Energy
120 Tredegar Street
Richmond, VA 23219

Dear Mr. Brown

I regret having to bring this matter to your attention, but I consider the issue to be of paramount importance. The information we have received recently regarding Dominion's demand of Santee Cooper to bear a major portion of the Lightsey settlement is quite troubling. In a letter to J. Michael Baxley, Senior Vice President and General Counsel for Santee Cooper, dated October 21, 2019, Dominion advised Santee Cooper that there should be an allocation of "financial responsibility between SCE&G [and Santee Cooper] for project-related matters." More specifically, the letter indicates that your expectation is that Santee Cooper contribute its proportionate share (45%) for virtually any costs SCE&G incurs "in connection with defending claims related to the Project" (V.C. Summer), including settlement of the Lightsey litigation brought by SCE&G ratepayers against SCE&G.

While the letter was reported earlier, we have been reviewing the Lightsey settlement in order to determine our response. Of course, there was a cooperative agreement between SCE&G and Santee Cooper to share the costs of design and construction of the long ago abandoned V.C. Summer project. Yet, your letter concedes that Dominion resolved "Lightsey without demanding advance contribution against Santee Cooper . . ." However, you now request that Santee Cooper, through its ratepayers, compensate Dominion for 45% of the costs of the Lightsey litigation and settlement.

As you are aware, the State of South Carolina was named a defendant in Lightsey, and was a signatory to the settlement. However, Santee Cooper was not a party in that case. Importantly, the design and construction costs of V.C. Summer, shared between SCE&G and Santee Cooper on a 55-45 basis, have long ceased to exist, as that project ended in utter failure. The fundamental question which immediately leaps to mind is this: how can Dominion now reasonably seek to stick some 2 million of Santee Cooper's ratepayers, located in all 46 counties with 45% of the cost of your multi-billion dollar purchase of SCE&G?

Moreover, this is the first we have heard of such an idea. Although the State was a signatory to the Lightsey Settlement, Dominion's expectation of Santee Cooper's contribution of 45% was never once mentioned at the time the settlement was executed. I do not recall it was ever brought up before the Public Service Commission which, of course, has no jurisdiction over Santee Cooper. Had we known that Dominion did not intend to pay the full settlement amount to SCE&G ratepayers to settle Lightsey, but instead would seek 45% from other ratepayers, I am doubtful that the State would have signed on. Nor do I know that Judge Hayes would have approved the settlement.

Throughout the litigation, the State had asserted on behalf of SCE&G ratepayers that the Base Load Review Act ("BLRA"), was unconstitutional. Judge Hayes had recognized that the State's constitutional arguments were valid. It is important to remember that the BLRA is inapplicable to Santee Cooper and that the State was not in any litigation with that agency. As part of the agreement, the State was willing to forego its claims of unconstitutionality of the BLRA in return for as much as 2 billion dollars in rate relief for SCE&G ratepayers.

I would, therefore, respectfully request your assurance that Dominion's assertion in your October 21st letter that Santee Cooper bear a major share of the cost of the Lightsey settlement is inaccurate. Regardless of Dominion's request as to other matters, there can be no reasonable legitimacy to asking Santee Cooper rate payers to shoulder a 45 percent burden for settling a case in which Santee Cooper had no involvement. A deal was a deal and we trust that Dominion would honor that deal.

I would appreciate a quick response so that we can resolve our concerns as soon as possible.

Sincerely,

Alan Wilson

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