

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-623-E - ORDER NO. 98-987
DECEMBER 11, 1998

IN RE: Review of Earnings of Electric Operations for) ORDER REDUCING
the 12 Months Ending September 30, 1998 of) ELECTRIC RATES
South Carolina Electric & Gas Company.)

This matter comes before the Public Service Commission of South Carolina (the Commission) for review of the electric earnings of South Carolina Electric & Gas Company (SCE&G or the Company) for the twelve months ending September 30, 1998. According to the quarterly financial data filed with the Commission, the Company earned, for that period, a rate of return on equity of 13.04%. The authorized rate of return on equity for the Company is 12.00%.

S.C. Code Ann. Section 58-27-920 (1976) states that the Commission may, after a preliminary investigation and upon such evidence as to it shall seem sufficient, order any electrical utility to put into effect such a schedule of rates as shall be deemed fair and reasonable. Accordingly, based on the information on the earnings of the Company as related to us by the Commission Staff, we believe that an overall rate reduction of \$22,699,000 annually on a prospective basis is in order. This action will reduce the rate of return on equity reported for the twelve months ending September 30, 1998 from 13.04% to the Commission-authorized rate of return on equity of 12.00%. The prospective rate reductions are to be made on a per kilowatt-hour (KWH) basis, based on actual retail sales for the twelve months ending September 30, 1998, and shall be placed

into effect for bills rendered on and after the first billing cycle in January 1999.

Accordingly, the Company shall file new rate schedules reflecting the reduced rates.

In ordering this rate reduction, we are not taking a position on the regulatory treatment utilized by the Company in preparing its quarterly financial filing currently under review. Further, we hereby order the Commission Staff to review SCE&G's earnings for the twelve month period ending September 30, 1998 and report any other potential ratepayer savings to this Commission within thirty days of the date of this Order.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)