SCANA (SCG) Earnings Report: Q4 2015 Conference Call Transcript

The following SCANA conference call took place on February 18, 2016, 03:00 PM ET. This is a transcript of that earnings call:

Company Participants

- Susan Wright; SCANA Corporation; Director of Financial Planning and Investor Relations
- Jimmy Addison; SCANA Corporation; CFO
- Steve Bryne; SCANA Corporation; COO of SCE&G

Other Participants

- Jim von Riesemann; Mizuho Securities USA; Analyst
- Mike Weinstein; UBS; Analyst
- Travis Miller; Morningstar; Analyst
- Stephen Byrd; Morgan Stanley; Analyst
- Andrew Weisel; Macquarie Capital Securities; Analyst
- Dan Jenkins; State of Wisconsin Investment Board; Analyst
- Jonathan Reeder; Wells Fargo; Analyst
- Michael Lapides; Goldman Sachs; Analyst
- David Bowes; Wolfe Research; Analyst
- Paul Patterson; Glenrock Associates; Analyst
- Mitchell Moss; Lord Abbett; Analyst

MANAGEMENT DISCUSSION SECTION

Operator:

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, February 18, 2016. Anyone who does not consent to the taping may drop off the line.

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

Susan Wright (Director of Financial Planning and Investor Relations):

Thank you. Welcome to our analyst call. As you know, earlier today, we announced financial results for the fourth quarter and full year 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. Steve will provide an update on 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 posted information related to our New Nuclear project and other investor information directly to our website at scana.com. On SCANA's homepage, there is a yellow box containing links to the New 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 does not otherwise become public. You can sign up for e-mail alerts under the Investor section of scana.com to notify you when there is a new posting in the New 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 that 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 statement. Additionally, we may disclose certain non-GAAP measures during this presentation, and the required Reg G information can be found in the Investor section of our website under Webcasts and Presentations.

I'll now turn the call over to Jimmy.

Jimmy Addison (CFO):

Thanks, Susan. Thank you all for joining us today.

I'll begin our earnings discussion on slide 3. GAAP earnings in the fourth quarter of 2015 were $0.69 per share compared to $0.73 per share in the same quarter of 2014. The decrease in earnings in the fourth quarter is mainly attributable to the negative impact of weather on electric margins, as well as on gas margins in our Georgia business. Lower gas margins also reflect $0.07 per share of lost margins due to the sale of CGT early in the year.

These losses were partially offset by higher electric margins, due primarily to a Base Load Review Act rate increase and customer growth, as well as lower depreciation expense as a result of a new depreciation study. And lower O&M expense due primarily to labor savings and the impact of the sales of CGT during the first quarter of 2015. Note, too, that abnormal weather decreased electric margins by $0.14 per share and $0.02 per share versus normal in the fourth quarters of 2015 and 2014, respectively.

Please turn to slide 4. Earnings per share for the year ended December 31, 2015 were $5.22 versus $3.79 in 2014. The improved results are mainly attributable to the net of tax gains on the sales of CGT and SCI, higher electric margins due primarily to a Base Load Review Act rate increase and customer growth, as well as lower depreciation expense and O&M, as described earlier.

These were partially offset by lower electric margins due to weather, lower gas margins -- primarily due to lost gas margins of $0.23 per share resulting from the sale of CGT and the impact of abnormal weather on the Georgia business. And normal increases in CapEx-related items, including interest, property taxes and share dilution. Although electric margins reflected a negative $0.13 per share due to weather year over year, abnormal weather increased electric margins in both years, accounting for $0.08 per share in 2015 compared to $0.21 in 2014.

Slide 5 shows earnings on a GAAP Adjusted Weather Normalized basis. Earnings in the fourth quarter of 2015 were $0.83 per share compared to $0.75 per share in the same quarter of 2014. Full-year earnings were $3.73 per share in 2015 compared to $3.58 per share in the prior year. As a reminder, GAAP Adjusted Weather Normalized EPS excludes the impact of abnormal weather on electric margins, and the net of tax gains on the sales of CGT and SCI from the first quarter of 2015.

Abnormal weather on gas margins is not adjusted in this measure, as gas margins are weather-normalized for the North and South Carolina businesses. And the direct impact of abnormal weather on the Georgia business is generally insignificant. However, the extremely mild weather in the fourth quarter of 2015 was seen in that business as standalone results, as I'll discuss later.

Now on slide 6, I'd like to briefly review results for our principal lines of business. On a GAAP basis, South Carolina Electric & Gas Company's fourth-quarter 2015 earnings were down $0.01 per share compared to the same period of 2014. The decrease in earnings is due to lower electric margins due to abnormal weather, and higher expenses related to our capital program, including interest expense and property taxes.

These decreases more than offset increases due to the continued recovery of financing costs through the BLRA, customer growth in both the electric and gas businesses, the application of the previously mentioned new depreciation rates, and lower O&M due primarily to labor savings.

For the full-year 2015, earnings were higher by $0.12 per share due to increased electric margins, primarily from the continued recovery of financing costs through the BLRA, and customer growth, improved gas margins due to customer growth, and the application of new depreciation rates.

These items were partially offset by the effective abnormal weather on electric margins and higher expenses related to our capital program, including interest expense, property taxes, dilution, and continued increases in depreciation exclusive of the impact of the depreciation study.

Although weather in both years contributed favorably to electric margins versus normal, 2015 was milder than 2014, with weather contributing $0.08 of margin versus normal in 2015 compared to $0.21 in 2014.

PSNC Energy reported earnings of $0.17 per share in the fourth quarter of 2015 compared to $0.16 per share in the same quarter of the prior year, primarily due to higher margins from customer growth. For the year ended December 2015, earnings are $0.38 per share compared to $0.39 per share in the prior year.

SCANA Energy, our retail natural gas marketing business in Georgia, showed a decrease in fourth-quarter earnings of $0.06 per share in 2015 over the same quarter of last year -- primarily due to lower throughput and margins attributable to the extremely warm weather during the fourth quarter of 2015 as compared to 2014, partially offset by lower bad debt expense.

For the 12 months ended December 31, 2015, earnings were down $0.05 per share compared to the same period of 2014, due to the same drivers as the quarter.

On a GAAP basis, SCANA's corporate and other businesses reported a loss of $0.01 per share in the fourth quarter of 2015 compared to $0.03 in the comparative quarter of the prior year. Lower interest expense at the holding company and increased margins at our marketing business were primarily offset by foregone earnings contributions from the subsidiaries that were sold during the fourth quarter of this year.

For the 12-month period, these businesses reported earnings per share of $1.36 in 2015 compared to $0.01 loss in 2014. Excluding the net of tax gains on the sales of CGT and SCI of $1.41 per share, GAAP Adjusted Weather Normalized EPS was down $0.04 from the prior year, due primarily to foregone earnings from the sale of the businesses earlier this year. Offset by lower interest expense at the holding company and increased margins in our marketing business.

I would now like to touch on economic trends in our service territory on slide 7. In 2015, companies announced plans to invest over $2 billion with the expectation of creating over 6,000 jobs in our Carolinas territories. The Carolinas continue to be seen as a favorable business environment, and we're pleased by the continuous growth in our service territories. 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 at 5.5%, and the rate in SCE&G's electric territory is estimated at 4.7%.

At the top of Slide 8, you can see the South Carolina employment statistics as of December 2015 and 2014. Over the course of 2015, South Carolina's unemployment rate has dropped over a percentage point from its level at the end of 2014. December of 2015 also marked all-time highs for the number of South Carolinians employed and in the labor force.

Of particular interest, and attesting to our state's strong economic growth, almost 80,000 or 3.8% more South Carolinians are working today than a year ago. Said another way, had the labor force not increased during 2015, the unemployment rate would be approximately 3%. The expansion of the labor force is simply evidence of the confidence of some of the workforce to re-enter the market, and the positive migration to the State of South Carolina.

As depicted on the bottom of the slide, United Van Lines recently released its annual mover study for 2015, which tracks migration patterns state to state. For the third consecutive year, South Carolina finished ranked second in terms of domestic migration destinations, corroborating our realized customer growth statistics. North Carolina has also been ranked in the Top 5 for the last three years.

Slide 9 presents customer growth and electric sales statistics. On the top half of the slide is the customer growth rate for each of our regulated businesses. 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 a rate of 2.5% and 2.7%, respectively.

We continue to see very strong customer growth in our businesses and in the region.

The bottom table outlines our actual and weather-normalized kilowatt hour sales for the 12 months ended December 31, 2015. Overall, weather-normalized total retail sales are up 1.3% on a 12-month ended basis. In conjunction with the continued improvement of economic conditions in South Carolina, the past two quarters have shown an accelerating improvement in usage in the residential market.

And now please turn to slide 10, which recaps our regulator rate base and returns. The pie chart on the left presents the components of our regulated rate base of approximately $9.6 billion. As denoted in the two shades of blue, approximately 86% 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 are allowed a 10.25% return on equity.

The earned return for the 12 months ended December 31, 2015 in the base electric business is approximately 9.75%, meeting our stated goal of earning a return of 9% or higher to prevent the need for non-BLRA-related base rate increases during the peak nuclear construction years. We continue to be pleased with the execution of our strategy.

As a reminder, we're allowed a return on equity of 10.25% and 10.6% in our LDCs in South and North Carolina, respectively. In response to the normal attrition and the earned returns in our North Carolina business, yesterday PSNC notified the North Carolina Utilities Commission of its intention to file a rate case. We plan to file the detailed case within the next 60 days, where more clarity will be provided.

As you will recall, in South Carolina, if the earned ROE of the gas business for the 12 months ending in March falls outside a range of 50 basis points above or below the allowed ROE, then we will file to adjust rates under the Rate Stabilization Act in June.

Slide 11 presents our CapEx forecast. This forecast reflects the Company's current estimate of New

Nuclear spending through 2018, and has been updated to reflect what was filed in our quarterly BLRA report, which also reflects the amended EPC that was announced in October 2015. At the bottom of the slide, we recap the estimated New Nuclear CWIP from July 1 through June 30, to correspond to the periods on which the BLRA rate increases are historically calculated.

Slide 12 presents the transition payments information and an expected timeframe for our filing with the Public Service Commission of South Carolina. Once these events are complete, we will update the CapEx schedule and the corresponding financing plan.

And now please turn to slide 13 to review our estimated financing plan through 2018. As a reminder, we have switched to [open rocket] purchases instead of issuing new shares to fulfill our 401(k) and DRIP plans, at least until we have fully utilized the net cash proceeds from the sales of CGT and SCI. We do not anticipate the need for further equity issuances until 2017. And again, the election of the fixed price option would likely change planned equity issuances after 2016.

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

On slide 14, we are reaffirming our 2016 GAAP Adjusted Weather Normalized earnings guidance as $3.90 per share to $4.10 per share, with an internal target of $4 per share. We continue to be cautiously optimistic about our long-term view, and are increasing the lower band of our long-term growth rate from 3% to 4%. We are also resetting our base year to 2015 GAAP Adjusted Weather Normalized EPS of $3.73.

Therefore, our new GAAP Adjusted Weather Normalized annual growth guidance target will be to deliver 4% to 6% earnings growth over the three to five years using a base of 2015 GAAP Adjusted Weather Normalized EPS of $3.73. This increase represents our projected earnings momentum, driven by our BLRA filings, our stated goal to manage base retail electric returns, and our view of the economy, balanced with our continued assumption of the impacts of energy conservation and efficiency standards.

I also wanted to mention that earlier today, we announced an increase of $0.12 in our annual dividend rate for 2016, to $2.30 per share, a 5.5% increase. We continue to anticipate growing dividends fairly consistent with earnings, while staying within our stated pay-out policy of 55% to 60%.

And finally, on slide 15, we are very pleased to report that in late December, we successfully completed the syndication of an expanded and extended credit facility. The additional liquidity is important to our nuclear construction project and accelerated CapEx spending at PSNC. The committed lines of credit now total $2 billion. I would like to thank our banks for their enthusiastic support of our liquidity needs, and therefore, the support of our nuclear expansion plans.

We are pleased that we continue to receive an excellent response for our nuclear construction from our equity and debt investors, as well as our banks.

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

Steve Bryne (COO of SCE&G):

Thanks, Jimmy. I'd like to begin by addressing the status of the settlement with the Consortium. Slide 16 presents the outline we have shown in previous discussions, as a recap. As you may be aware, Westinghouse closed on the transaction to acquire Stone & Webster from CB&I at the end of December, and Fluor began work as a subcontracted construction manager at the New Nuclear construction-site on January 4.

We continue our analysis of the fixed price option, and will include input from Fluor as they progress. As a reminder, we have until November 1 of this year to unilaterally elect the fixed price option or not. And we plan to take as much time as needed to insure that we make the most prudent decision. Regardless of which scenario we choose, once a decision has been made, we will file a petition with the Public Service Commission to amend the capital cost and schedule for the project. As Jimmy said earlier, we expect to reach a conclusion in the second quarter.

Moving on to some of the activities at the New Nuclear construction-site, slide 17 presents an aerial photo of the site from September of 2015. I've provided this photo to give you a view of the layout of the site. And I've labeled both Units 2 & 3, as well as many other areas that make up what we call the table top.

On slide 18, you can see a picture of the Unit 2 Nuclear Island. In this picture you can see Module CA20 on the right hand side of the slide along the containment vessel Ring Number 1, which was placed on and welded to the lower bowl. Several of the large structural modules have now been placed inside the Unit 2 containment vessel. As we will discuss shortly, you can also see the beginnings of the shield building, as three courses have now been placed.

Slide 19 shows a picture of the Unit 3 Nuclear Island. Module CA04 was placed inside the containment vessel lower bowl back in June, and the auxiliary building walls continue to go [further]. As you'll see shortly, we are making progress with the fabrication and placement of containment vessel structural modules on both units.

Slide 20 presents a schematic view of the five large structural modules that are located inside the containment vessel. I've shown this schematic numerous times before because this expanded view gives you a better feel for how CA01 through CA05 fit spatially inside the containment vessel. As we you may know, we have now placed CA01, CA04 and CA05 for Unit 2, and CA04 for Unit 3.

Slide 21 shows a picture of the Unit 2 CA02 module. CA02 is a wall section that forms part of the unit containment refueling water storage tank. As mentioned last quarter, CA02 is now structurally complete and awaiting installation.

Slide 22 shows a picture of the Unit 2 CA03, which is the west wall of the unit containment refueling water storage tank. 15 of CA03s 17 sub-modules are on-site, and 12 are now on their assembly platform.

Slide 23 shows a picture of the Unit 3 module CA05. This module comprises one of the major wall sections within the containment vessel. Fabrication on the Unit 3 CA05 has been completed, and it has been staged outside the modular assembly building, or MAB.

Slide 24 shows a picture of the Unit 3 CA20, which is the auxiliary building module that will be located outside and adjacent to the containment vessel. 68 of the 72 sub-modules are on-site, and 20 of those sub-modules have been upended on the construction platform or flattened for fabrication in the MAB.

Slide 25 shows a picture of the beginnings of the Unit 3 module CA01. Module CA01 houses the steam generators and the pressurizer, and forms a refueling canal inside the containment vessel. Currently, we have 15 of the 47 sub-modules on-site, and three of those sub-modules are upright and being welded together in the MAB.

Slide 26 shows the progress of the placement of the Unit 2 shield building panels. The first six-panel course was placed during the first half of 2015. During the fourth quarter of 2015, the second six-panel course was set on top of the first course. And at the beginning of this month, we placed the third six-panel course. As the shield building panels are placed and welded together, concrete is poured inside the panels to create the shield building. Concrete has been placed in the first two courses.

Slide 27 shows a couple of pictures from the Unit 2 turbine pedestal concrete placement from December of 2015. Overall, more than 2,300 cubic yards of concrete was placed over the course of about 20 hours.

Slide 28 shows a picture of the single phase for the 230-ton Unit 2 main transformers. There are four such transformers for each unit. And here you can see one of the four being rigged for placement adjacent to the Unit 2 turbine building. Each unit will have these four, plus six other transformers. All 10 of them in place for Unit 2, and all 10 have been received for Unit 3.

On slide 29, you'll see the New Nuclear CapEx, actual and projected, over the life of the construction. This chart shows CWIP during the years 2008 to 2020, reflecting the Q4 of 2015 BLRA quarterly report that we filed in February. As a reminder, the BLRA report now reflects the cost from the October 2015 amended EPC. As you can see, we're currently in the middle of 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 30. As we mentioned during our third-quarter call in September, the PSC approved a rate increase of $64.5 million. The new rates were effective for bills rendered on and after October 30. Our BLRA filings for 2016 are shown at the bottom of the slide. And as you can see, we recently filed our quarterly status report for the fourth quarter, and our next quarterly update will be filed in mid May. Not depicted here, but in the update filing I addressed earlier, the timing of that petition isn't yet known.

Finally, I wanted to mention the results of an analysis performed at the direction of the South Carolina Office of Regulatory Staff. As you may be aware, the ORS contracted an independent accounting firm to determine whether the revised rate provision under the Base Load Review Act is cost-beneficial to SCE&G customers, consistent with our claims. This independent [add a station], and concluded in January, and reaffirmed the significant cost advantage of the BLRA as envisioned when the law was originally passed. This report is available on the ORS's website, and a link to the independent accounting firm's report can be found in the regulatory document section of the Nuclear Development area of SCANA's Investor website. That concludes our prepared remarks. We'll now be glad to respond to any questions you might have.

QUESTIONS & ANSWERS

Operator:

(Operator Instructions)

Jim von Riesemann of Mizuho Securities.

Jim von Riesemann (Analyst - Mizuho Securities USA):

Good afternoon, guys.

Jimmy Addison (CFO):

Hello, Jim.

Jim von Riesemann (Analyst - Mizuho Securities USA):

How are you? Hey, a couple of --

Jimmy Addison (CFO):

Great. How are you?

Jim von Riesemann (Analyst - Mizuho Securities USA):

I'm doing well, thanks. Couple questions on the 4% to 6% growth rate. Can you just elaborate again on how that's calculated? How we should think about the out years? Because if somebody were to do a linear analysis, 2016 would be less than the 4%, if you are just growing 2016 versus 2015. Did I make sense, or have I been on too many conference calls today?

Jimmy Addison (CFO):

The first part of your question made sense. So how we calculate it is, the average of the annual increases over that three- to five-year period. So we're comfortable that, that average growth in our plan today is at that 4% to 6% level. Now, the second part I'm not sure I followed.

Jim von Riesemann (Analyst - Mizuho Securities USA):

Yes, I don't think I followed it either. But it's just really to get to 2016 versus 2015, because you're not on a 4% plain year over year, especially with your guidance (multiple speakers) $4.

Jimmy Addison (CFO):

You're saying that it's above it, right?

Jim von Riesemann (Analyst - Mizuho Securities USA):

Yes.

Jimmy Addison (CFO):

Yes, and so -- but that's why we consider it over the entire period, not just any one year. So every year wouldn't necessarily be within that cone, but overall, the average would be.

Jim von Riesemann (Analyst - Mizuho Securities USA):

Okay, that I understand. So the question then becomes, with the fixed price option and your updated CapEx on the slides, how much of that is reflective -- is anything reflected in, I guess, either your growth rate or for the fixed price option in your CapEx, or even your earnings growth rate?

Jimmy Addison (CFO):

So the CapEx is based upon the amended agreement. It does not include the fixed price option. And that's what our growth rate is based upon. I'm not sure that, if we were to adopt that option, that it would have a material impact on the earnings growth rate. But if we do later this year, and if it's approved, we will certainly consider that.

Jim von Riesemann (Analyst - Mizuho Securities USA):

Okay. And then I guess I have a question on bonus depreciation. Previously, you said it was about $75 million a year. Have you updated those numbers, given the tax extenders from December?

Jimmy Addison (CFO):

Yes, that still is a good reference, the $75 million a year in the base business. And of course, what's different now is the five-year view; so we have not had that in the past. So there's obviously the potential for the New Nuclear units themselves to qualify for bonus depreciation. Although not at the 50% level, because it phases down to 40% and 30% in 2018 and 2019, respectively.

So that's the only thing that's outside that $75 million estimate.

Jim von Riesemann (Analyst - Mizuho Securities USA):

Okay. And then I guess the last question, really, maybe is for Steve. How -- if you think about all of the components to build the two summer units, how much of them are still, say, overseas and still need to be shipped to the place? Or are most of the components on-site at this point in time?

Steve Bryne (COO of SCE&G):

A majority of the major components are on-site. I would say about 85%, and the remainder would be either overseas or domestic production. Of the major components left outstanding that would be overseas -- let's see, one of the -- we've got two steam generators in [Tucson]. One of those is being shipped; the other one is nearing completion. I think all of the turbine generator stuff is on-site, condenser stuff is on-site, containment is on-site.

We've got a couple of passive heat exchangers that are being reworked in Italy. Those should be finished shortly. We had cone pumps; those are domestic, but those won't show up until 2017. That's most of the major stuff.

Now, when we get into sub-modules, we still have some of the sub-modules for the structural modules, particularly for the trailing unit, Unit 3. They are still in fabrication. And so for example, CA01 is being fabricated between Toshiba in Japan and IHI in Japan. There are 47 different sub-modules that are associated with the unit. 15 have been delivered, 15 of the 47.

Seven have shipped. It just takes awhile for them to get here. And so the 25 are yet to be shipped. So we've got almost half of those are either on-site or on the ocean.

So I think if I were to categorize it, 85% of the major equipment is on-site. And of the remaining stuff, a lot of it is physically complete. Some of it is waiting to be shipped; some is on the ocean now, on its way to our site.

Jim von Riesemann (Analyst - Mizuho Securities USA):

Perfect, thank you.

Operator:

Julien Dumoulin-Smith of UBS.

Mike Weinstein (Analyst - UBS):

Hi, this is Mike Weinstein.

Jimmy Addison (CFO):

Hi, Mike.

Mike Weinstein (Analyst - UBS):

Hey, a couple of questions. One, did you say what was causing the drop-off in industrial growth, weather-adjusted?

Jimmy Addison (CFO):

No, I really didn't address that. It's not a significant change, just showing down there about 0.5%. The one thing that makes it difficult to really address this quarter is, as you'll probably remember from the national news is, we had a historic flood in central South Carolina.

And there was an extensive impact on our industrial customers -- everything from as simple as logistics of workers not being able to get to plants, to industrial intakes malfunctioning because of the extremely high water, to impacts on rail. So it's really difficult to quantify that, so I'm not too alarmed by one period here of slightly down.

Mike Weinstein (Analyst - UBS):

Okay. And what's causing the steep drop in SCE&G's -- on the gas side, on its ROE versus PSNC. Which, when you look at the September numbers, there's almost no change in North Carolina, but South Carolina really seems to have come off.

Jimmy Addison (CFO):

Yes, it's a function of obviously the rate base additions, as well as the operating cost, et cetera, involved in the units, and as well as the timing. I believe the South Carolina number is as of September 30, and the PSNC number is, I believe, at December 31. We just haven't filed the South Carolina report yet, so we haven't updated that one.

Mike Weinstein (Analyst - UBS):

All right, that makes sense. And on the nuclear side, the CapEx looks like it's about $200 million higher in the peak spending years, 2017 and 2018. And it seems to flow through right into the CWIP. And I'm just wondering, does that mean that -- does that result in higher BLRA rate increases going forward? And is that a result of the new -- that's all as a result of the settlement, right?

Jimmy Addison (CFO):

Yes, so the CapEx numbers haven't changed at all from what we presented in the third quarter. And this assumes just the amended agreement, not the fixed price option. All that's changed is the timing of when they occur in this presentation, Michael, so that's really the only adjustment.

Mike Weinstein (Analyst - UBS):

Okay, it's just a timing issue. Okay.

Jimmy Addison (CFO):

Yes.

Mike Weinstein (Analyst - UBS):

All right, and I guess that's it. Thank you.

Jimmy Addison (CFO):

You're welcome.

Operator:

Travis Miller of Morningstar.

Travis Miller (Analyst - Morningstar):

Good afternoon, thank you.

Jimmy Addison (CFO):

Sure.

Travis Miller (Analyst - Morningstar):

You mentioned the second quarter, wanted to make the decision then on the fixed price option. Wondered if you could give me a timeline and thoughts on why you wouldn't wait until November? And then secondly, if you do make that decision in the second quarter, what's the regulatory schedule look like from that point?

Jimmy Addison (CFO):

You know, let me start and then let Steve jump in. So we said that it's likely to be Q2. That's our best judgment. But Steve also said in the opening comments that we have until November. And if we think we need all that time, we will take all that time. So we're just giving you our most likely estimate of when we think we'll have a good assessment of Fluor's input, et cetera, to make that call.

And at the point that we feel like we have that and have our information together, we'll make a filing with the Public Service Commission. And then they have their statutory six months to rule on that. And ballpark, sometime in the middle of that six months, we would be before them to present our information to ask for their support.

Steve Bryne (COO of SCE&G):

Travis, this is Steve. One train of thought would be, take as long as you've got to make the decision, which we fully understand. But we did in an ex parte fashion, brief our Public Service Commission on the two options that we would have going forward. And what we told them was as soon as we were complete with our evaluation, we would come back to them with the option that we selected. So we intend to do that.

One complicator that you might not see that makes my life a little more difficult is that in the interim, I have to sort of keep two sets of books. So I have to base assumptions on both where we're exercising the fixed price option and we're not exercising the fixed price option. And if we're going to exercise one or the other, it's a lot simpler for me -- I can drop the other set of the books.

So it takes all kinds of commercial issues off the table and just makes our lives a lot easier.

Travis Miller (Analyst - Morningstar):

Got it. So you briefed the regulators. Has there been any conversation or interaction with interveners or other groups that you think might have opposition to, say, the fixed price option, or at least a preference to one or the other?

Steve Bryne (COO of SCE&G):

Yes, we've done a number of briefings, some of which were public. We did a briefing for the legislature, for example. We've done briefings with the governor's Nuclear Advisory Council. And some of the interveners were present during the ex parte briefing we had last November with the Public Service Commission. But there was no interaction with them at that point in time.

So we have and will continue to have some interactions, but we don't know who all of the interveners might be until we file something. And then they're given the opportunity to intervene. So it's not a surprise, but we won't have any more conversation with our Public Service Commission until we make a filing. We aren't allowed to have any conversation with them about the topic.

Travis Miller (Analyst - Morningstar):

Okay, great. Thanks so much.

Steve Bryne (COO of SCE&G):

Sure.

Operator:

Stephen Byrd of Morgan Stanley.

Stephen Byrd (Analyst - Morgan Stanley):

Hi, good afternoon. Thanks for taking my question. Wanted to just talk about Toshiba for a moment. Toshiba has been in the press of late. And at a high level, just wanted to understand, as you think about their credit position and safeguards and protections for you, how should we think about ways that you can receive protection against potential deterioration in credit quality at Toshiba?

Jimmy Addison (CFO):

Yes, well, let me just talk briefly about some contract provisions in a conceptual form, and then I'll let Steve talk some operationally about the project. So we do have some security provisions in the contract if their ratings fall below a certain grade, and they have triggered those now. And we have initiated that security. And for confidentiality reasons, I'm just not going to get into the details of what that is, how much it is, et cetera.

But it's essentially meant to handle any kind of payment obligations were they not to be able to pay subcontractors, things of that nature. As well as performance obligations if they don't live up to their terms of the contract. So that's kind of the financial construct that's in the contract that we have pulled the trigger on. And I'll just let Steve talk a little about the project itself.

Steve Bryne (COO of SCE&G):

Yes, we've been tracking the situation at Toshiba. Obviously a very large company. I think the Japanese government would be loath to see them fail. But they have submitted obviously a restructuring plan.

We were heartened to see in their restructuring plan that they intend to stay in the energy business. While they do intend to shed some of their business lines, they are going to stay in the energy business, which would include nuclear, so that's a good thing for us. Also we are glad to see that, with the significant changes in leadership and the board at Toshiba, that the person that we have been largely dealing with in the nuclear arena survived that turmoil. And again, we think that's a good thing.

I do believe that Toshiba has been successful at securing some debt from some large Japanese banks just recently. Bankruptcy also doesn't necessarily mean that things would stop. There are various kinds of bankruptcies. Not that we think it will get to that point, but it doesn't necessarily mean things at the site will stop.

And in addition to the sort of the financial protections that Jimmy just alluded to, we did actually forecast a situation like this back when we were negotiating the EPC contract. Not necessarily that we thought that the larger corporation, Toshiba, might have financial difficulties. But we were really focusing on perhaps the smaller corporations like Westinghouse and/or Shaw might have some financial difficulties.

So we do have in the contract some provisions to escrow intellectual properties, such that if there were to be a succession of operations by the contractor, that we could finish the plant on our own.

Stephen Byrd (Analyst - Morgan Stanley):

That's really helpful. And just shifting over to the Sanmen project in China, just wondered if you had any update there in terms of the status of Sanmen?

Steve Bryne (COO of SCE&G):

I don't have any recent updates on Sanmen. We have a team that's supposed to go over there, I think it's in the April or May timeframe. So we'll get more firsthand information then. My understanding is that we still anticipate that Sanmen 1 will come online some time this year.

Stephen Byrd (Analyst - Morgan Stanley):

Great. Thank you very much.

Jimmy Addison (CFO):

Thank you.

Operator:

Andrew Weisel of Macquarie.

Andrew Weisel (Analyst - Macquarie Capital Securities):

Hi. Two questions. First one is about the new long-term growth rate. Could you maybe talk outside of whether a major pick-up in the economy, what are some factors that could potentially take you to or above the high-end of that 6% level?

Jimmy Addison (CFO):

Yes, I think the largest kind of at-risk variable from a positive or a negative standpoint, Andrew, is probably what happens with usage on electric, on the electric side, unrelated to weather. So what goes on in that area. I mean, it's obviously related to the economy, but what do people do with everyday electric consumption? And that's been very difficult for our industry to model the last several years.

It flattened out and was slightly up for us in 2015. That surprised us in a good way, a little. But that continues to be the most difficult thing for us to model.

Andrew Weisel (Analyst - Macquarie Capital Securities):

Anything on the capital side? Obviously the nuclear CapEx estimates are constantly being adjusted. But anything in the base business that might get you, like I said, toward or above the high-end? Or potentially anything that can go wrong that would take you below that low-end?

Jimmy Addison (CFO):

We feel pretty good about our CapEx plan. I mean, setting aside the New Nuclear, as you said in your question, which has the dynamic adjustment due to the project, we are doing in the base business the things we need to do to have safe, reliable power.

But we aren't doing a great deal of things beyond that in order to maintain no base rate increases during this period, or pressure on returns, if we were not to have increases. PSNC is probably the biggest story outside of that, with the growth in that area, particularly in the transmission area.

And of course, we said earlier that we filed yesterday a notice of a pending rate increase there. But that is fairly well laid out. That could change some, based upon price of steel, and compression, and that kind of thing, over time. But I don't expect it to vary a great deal.

Andrew Weisel (Analyst - Macquarie Capital Securities):

Okay, great. And then my other question is about the dividend. Obviously a bigger increase today than what we've seen in the past few years. And that takes you right to the midpoint of your targeted pay-out ratio, if we assume the midpoint of the EPS guidance. Going forward, should we expect the dividend to grow more of that kind of 5% range, which is the midpoint of the EPS growth?

Or would it be more likely to revert back to the 3% or 4% range like what we've seen in the past several years?

Jimmy Addison (CFO):

If you'll bear with me, let me give you 30 seconds of history here. When the recession hit and earnings slowed a great deal, we got outside of our pay-out policy of 55% to 60%. We got up close to 65% -- 63% to 65%. We continued to grow dividends during those next few years, but we grew them at about half the rate of earnings growth, so that we could get back within the policy.

And now we're comfortably back within the policy, and our position at this point is, we expect to grow those dividends fairly consistent with earnings growth.

Andrew Weisel (Analyst - Macquarie Capital Securities):

Very good. Appreciate the details.

Jimmy Addison (CFO):

You're welcome.

Operator:

Dan Jenkins with the State of Wisconsin Investment Board.

Dan Jenkins (Analyst - State of Wisconsin Investment Board):

Hi, good afternoon.

Jimmy Addison (CFO):

Hello, Dan.

Dan Jenkins (Analyst - State of Wisconsin Investment Board):

So first of all, I was just curious, on your financing plan for 2016, you show about $1 billion for SCE&G. I was wondering if you could give any insight as to the timing? Would that be like throughout the year, or first half, second half?

Jimmy Addison (CFO):

Yes, so today, we would model in roughly half of it about mid-year and half of it near the end of the year. That is definitely going to need to be dynamically adjusted to which option we end up electing, and the payment schedule that goes along with that, that we've talked about on the last call, as well as briefly on this one. So that's really going to cause adjustments in that schedule.

So I'm fairly sure it will adjust from this, but today's best guess is about half mid-year and about half near the end of the year.

Dan Jenkins (Analyst - State of Wisconsin Investment Board):

Okay, thanks. Going to the nuclear unit, and in particular, I looked through the report you just filed for the fourth-quarter report. And in particular, it mentioned how the shield building is one of the primary critical path of things -- items that's potentially could, I guess -- some of those modules you're having trouble with, or whatever. So I was wondering if you could expand on that, and what the timing is, you think, when that item will be able to be resolved?

Steve Bryne (COO of SCE&G):

Yes, I think the shield building items -- when you say resolved, I think we resolved most of our shield building issues there. The biggest issue that we had really was, they anticipated that the fit-up of this first-of-a-kind items, taking these individual panels that come from Newport News Industrial, or NNI, and then putting them together at the site, welding them up within the tolerances, and then filling them with concrete -- was going to be very difficult.

We've done a lot of mock-ups. We've received probably half the panels for the first unit, and maybe 25% for the second unit. The placement so far ought to be categorized as going a little better than we had anticipated. So we've got 16 courses of steel panels that go in a ring, that we eventually will fill with concrete. We've placed the first three of those courses already.

The first two have been welded, fit and we poured concrete in. And the third course, we recently placed, so we're welding that. But again, that's going, I think, better than we had anticipated.

So now our focus, since that is the critical path, is insuring that we get the sub-modules, the pieces, the panels, from NNI in a timely fashion. So Westinghouse has taken over the contract that CB&I used to have, so that's now exclusively a Westinghouse-to-NNI deal, which we think is good.

And then the delivery schedule looks to be good. And they're negotiating a mitigation strategy. And in effect I'll be going to NNI tomorrow to talk through the mitigation strategy that will accelerate some of those panel deliveries to the site. So I think the shield building, right now it's going pretty well. But it is our focus area, because it is critical path.

Dan Jenkins (Analyst - State of Wisconsin Investment Board):

Okay. And then similarly, it talks a little bit about secondary critical paths being the CA20 and CA01 for Unit 3. Are those like parallel paths to the shield building issues, or are they dependent on the shield building path?

Steve Bryne (COO of SCE&G):

No, Dan, not necessarily dependent on the shield building. But they would come in right in line after the shield building. So once we demonstrate proficiency with shield building, then you focus on whatever is next. So we're always looking at primary, secondary, tertiary critical paths.

So the secondary critical path is, as you mentioned, that CA20 module for the trailing Unit 3. We've already set CA20 for Unit 2 obviously. And we did come up with an interesting mitigation strategy for the CA20 module, whereas, on the first unit, on Unit 2, we set it as one piece.

On the second one, we're going to set it in two halves. And so that will save us probably a couple of months in the fabrication. And that's important, because it actually forms a part of the concrete form work for the rest of the plant. So it's important that we set that half of that, and use it as a form concrete while we're working on the second half, and then set the second half.

So as of right now, I thought that, that was -- that the team on-site came up with that plan, we're executing on that plan, and we ought to set that first half, CA20, for the second unit, in Q1, late Q1. And then we should set the second half of CA20 for Unit 3 probably early in Q2.

Dan Jenkins (Analyst - State of Wisconsin Investment Board):

Okay. And somewhat related to that, it mentions on -- I don't know if you have the report in front of you -- on page 15 of it, in the middle of it, kind of related to the CA01 and CA20. That on the current schedule, the date doesn't support the construction schedule for the units. So how is that being impacted in the overall schedule? How should we think about that? How much can that be mitigated?

Steve Bryne (COO of SCE&G):

Yes, I think a good example of mitigation is the plan that we came up with to split the CA20 module into two halves. And CA01, we're looking at similar things there. We're looking to expedite the delivery of the sub-modules from IHI and Toshiba in Japan. Toshiba obviously has all the incentive in the world under the agreement that we negotiated in October to expedite whatever they can.

So they both have -- since they're the parent company of Westinghouse, there are both penalties if they don't do things on time, and there are significant bonus incentives if they do finish on time.

So they've got as much incentive as we could possibly put into an agreement. So we'll look to accelerate the schedule for the modules coming out of Japan for CA01. And we're implementing a strategy to split CA20, set it in two halves instead of one large piece (technical difficulty) CA20 portion.

Dan Jenkins (Analyst - State of Wisconsin Investment Board):

Okay, thank you.

Operator:

Jonathan Reeder of Wells Fargo.

Jonathan Reeder (Analyst - Wells Fargo):

Good afternoon, gentlemen. One quick point of clarity. So if Fluor's assessment of the schedule comes back that the current schedule isn't kind of feasible, how does that work then? Do you have to then negotiate another amended EPC contract before you would file that with the Commission so that the benchmarks, the milestones, are set appropriately in the next kind of approved BLRA?

Steve Bryne (COO of SCE&G):

Jonathan, I think the short answer is, it depends on how far out they are. If you'll remember with our last order from the Public Service Commission, we had a plus-18 months for each of the milestones. So as long as we stay within that 18 months, we don't need to go back in on the schedule. So really, it's going to depend on how far.

But what I more envision is that Fluor might come back and say -- in order to get the schedule on time, you have to accelerate this, you might have to bring in more resources than we have in the current plan. So where we think we're going to peak at, say, 4,000 craft employees, they might come back and say -- you need to get 4,500 craft employees. And that kind of an input might drive us towards opting for the fixed price, because more people mean more dollars.

Jonathan Reeder (Analyst - Wells Fargo):

Right. So that would impact, I guess, the non-fixed price option, and probably lend more credibility towards selecting the fixed price. That's the way to think about it?

Steve Bryne (COO of SCE&G):

Correct.

Jonathan Reeder (Analyst - Wells Fargo):

Okay, thank you.

Operator:

Michael Lapides of Goldman Sachs.

Michael Lapides (Analyst - Goldman Sachs):

Hey, guys. A couple of nuts and bolts questions on the gas side of the business. First of all, at PSNC, if you filed later this Spring, when would rates go into effect? I forget, is that a 6- or a 12-month process in North Carolina?

Jimmy Addison (CFO):

Six.

Michael Lapides (Analyst - Goldman Sachs):

Okay. So rates would go in no later than like January 1 next year. And that's a historical-looking rate case there, or can you do a forward or a big known immeasurable?

Jimmy Addison (CFO):

It's a bit of both. It's a base historical test year, but you can kind of update for CWIP, as well as cap structure, kind of concurrent with the information being presented and any settlement being discussed or hearing before the Commission.

Michael Lapides (Analyst - Goldman Sachs):

Got it. And on the gas side at SCE&G, when would you file under the Rate Stabilization Act to get a revenue increase? When does that normally happen, and when would that go into effect?

Jimmy Addison (CFO):

Yes, so that runs through the end of the heating season, the measurement period through the end of March, and we make the filing in May of each year. And any adjustment either way, if we're 50 basis points out, would be effective the first of November for the implementation of the typical heating season in the Fall, although that did not happen this past year.

Michael Lapides (Analyst - Goldman Sachs):

Got it. Understood. And then, Steve, one question. I just want to make sure I understood that your comments about Toshiba and some of the financial and credit metric issues Toshiba has. And you've mentioned that you already started the process with Toshiba to kind of recover some of the security-related funds. Did you do that because of their downgrades?

Did you do that because Toshiba is having issues paying some of the local subcontractors, or some of the vendors or suppliers? What was the main driver for starting the process now?

Jimmy Addison (CFO):

Michael, this is Jimmy. I commented on that earlier, so I'll clean it up here. No, that's just procedural. It's just an option afforded us under the contract. We've had no issues that we're aware of at all with any subs being paid, or anything like that.

Michael Lapides (Analyst - Goldman Sachs):

Got it. Thanks, Jimmy. Much appreciated.

Jimmy Addison (CFO):

You're welcome.

Operator:

Claire Tse of Wolfe Research.

David Bowes (Analyst - Wolfe Research):

Hi, this is actually David [Bowes]. Hi, guys.

Jimmy Addison (CFO):

Hi, David.

David Bowes (Analyst - Wolfe Research):

How you doing?

Jimmy Addison (CFO):

Great.

David Bowes (Analyst - Wolfe Research):

Hey, sorry if I missed this earlier. Does your 4% to 6% EPS growth rate assume any bonus depreciation impact on the New Nuclear units when they come into service in 2019 and 2020?

Jimmy Addison (CFO):

Yes, the guidance assumes the bonus depreciation on the base business. We've really not contemplated yet or modeled exactly what might happen with the bonus depreciation on the new units themselves. There's a lot of consideration has to go into that, along with the production tax credits, et cetera, to make sure we maximize the value for the customer.

David Bowes (Analyst - Wolfe Research):

I see. So it's not -- it essentially hasn't been modeled in the 4% to 6%?

Jimmy Addison (CFO):

Right.

David Bowes (Analyst - Wolfe Research):

Okay. Do you happen to know, or can I find somewhere in the BLRA filings what the cumulative costs for Unit 2 would be through 2019, as you currently stand today?

Jimmy Addison (CFO):

Well, on the amended contract, it's about -- the total price of the units is about $7.1 billion, so you can roughly estimate 50% of that.

David Bowes (Analyst - Wolfe Research):

Okay.

Steve Bryne (COO of SCE&G):

David, are you looking for what's been spent to-date?

David Bowes (Analyst - Wolfe Research):

Well, not just to-date, but obviously you have the BLRAs by year. But if I knew just what Unit 2's portion was through that 2019, that's what I was trying to get a more exact number. But obviously I can ballpark it.

Steve Bryne (COO of SCE&G):

Yes, we've not broken it out between Unit 2 and Unit 3, so you'd have to ballpark it.

David Bowes (Analyst - Wolfe Research):

Right, okay. And then just can you go through the process for how each unit goes into rate base? Like is there a formal filing with the PSC when each unit is completed? How is that process?

Jimmy Addison (CFO):

So what we do is, we have to prepare a projected operating cost-year, if you will, so an implementation year. The first phase of the BLRA is to get the plans approved. The second phase happens each year, are the revised rates. And the third is the operating cost going in. And so we'll have to project what the depreciation and the operating costs, et cetera, are.

And that does not require a hearing. It just requires us to present it to the Office of Regulatory Staff and to the Commission like we do the revised rates each year.

David Bowes (Analyst - Wolfe Research):

Great. Thank you so much.

Jimmy Addison (CFO):

Sure.

Operator:

Paul Patterson of Glenrock Associates.

Paul Patterson (Analyst - Glenrock Associates):

Good afternoon.

Jimmy Addison (CFO):

Hello, Paul.

Paul Patterson (Analyst - Glenrock Associates):

I wanted to touch base with you on the last question there, on the BLRA and the bonus depreciation. It sounds like you guys were trying to -- that you were analyzing the PTC and the impact of taking bonus, and what have you. And I'm just trying to get a sense as to what that process is kind of like, and sort of some of the factors that sort of go around that, if you follow me? And how that might change the 4% to 6% potentially?

Jimmy Addison (CFO):

Well, the only real impact is likely to be just on financing itself, and any temporary benefits on financing. I mean, bonus depreciation is simply accelerating a deduction that you're going to get at some point in the future, to an earlier point in time. So you aren't going to change your total taxes per books, because you're going to change your deferred taxes.

So if you end up with a larger deferred tax credit because of the bonus depreciation, you're going to end up with lower rate base there in the short run. But in the very short run, it's just going to have some financing benefits to it, just like the bonus depreciation does on the base business.

Paul Patterson (Analyst - Glenrock Associates):

Well, that's what I was wondering. I'm just wondering whether or not -- I mean, I understand that. I guess what I'm wondering is, is there any potential impact in the near term if the bonus depreciation was factored into it? In other words, how should we think about the potential sensitivity in the near term if bonus depreciation, which my understanding, is not being factored in now, if it were to come in, can you give us any rule of thumb or thought process as to if there would be impact, and what that impact might be?

Jimmy Addison (CFO):

No, we're talking about something that would potentially be a cash impact in the second half of 2019, so I don't really see any near-term impact on it.

Paul Patterson (Analyst - Glenrock Associates):

Okay. So in other words, if the bonus depreciation, there's no potential for it to take -- it would happen then regardless. It wouldn't be happening any time earlier in terms of your analysis?

Jimmy Addison (CFO):

That's right. That's correct.

Paul Patterson (Analyst - Glenrock Associates):

Okay, thanks so much for the clarity. And then just finally on the sales growth, I believe you guys, in your last IRP, were around 1.4% for retail sales growth, I think, just over the long period. Is that still pretty much what you guys are looking at?

Jimmy Addison (CFO):

We're going to be filing a new IRP, what, in the next few weeks, Steve?

Steve Bryne (COO of SCE&G):

Yes. Within the next two weeks.

Jimmy Addison (CFO):

And we were just reviewing a draft of that earlier this week, and I don't think where we are at, at this point is materially different. But we'll be filing that in the next few weeks.

Paul Patterson (Analyst - Glenrock Associates):

Okay, excellent. Thanks so much, guys.

Jimmy Addison (CFO):

Yes, you're welcome.

Operator:

Mitchell Moss of Lord, Abbett.

Mitchell Moss (Analyst - Lord Abbett):

Hi, (inaudible).

Jimmy Addison (CFO):

Mitchell, we can't hear you.

Mitchell Moss (Analyst - Lord Abbett):

Okay, sorry about that.

Jimmy Addison (CFO):

There you go, thank you.

Mitchell Moss (Analyst - Lord Abbett):

Okay, good. Just to follow-up on some of the questions on Toshiba's credit ratings and downgrades. In terms of next steps, if there are further downgrades for Toshiba, is there a -- is it kind of like incremental steps of, if there's a single -- if Toshiba's rating moves down one more notch, there's sort of one or two more steps? Or is there sort of Toshiba has to fall several rating notches from here before you guys would need to, I guess, do further action regarding taking any security actions?

Jimmy Addison (CFO):

Right. So the contractual security provisions I mentioned earlier are binary. Their ratings meet the criteria for us to elect those, or they don't. And they've met those, so there's no further impacts. There's no graded scale or anything.

Mitchell Moss (Analyst - Lord Abbett):

Okay. So the ratings, where they're at now, you haven't needed to take any -- there haven't been any security provisions activated, or there have been?

Jimmy Addison (CFO):

There have not been in the past. We recently initiated those, and they have 60 days for those to be fulfilled.

Mitchell Moss (Analyst - Lord Abbett):

Okay.

Jimmy Addison (CFO):

And those are all of the provisions, once fulfilled.

Mitchell Moss (Analyst - Lord Abbett):

Okay. And just on more of a technical question, in your slide 13, I believe -- yes, slide 13 shows debt refinancings at SCANA in 2018 are $170 million, and utility is $550 million. Last quarter, you had combined it at about $720 million, all at SCANA. And so I just wanted to find out, to better understand -- I see the $550 million in terms of just debt added to utility. I just want to understand what that $170 million of SCANA debt is?

Jimmy Addison (CFO):

Yes, that relates to the South Carolina Generating Company. But it's one plant, that operates solely for SCE&G. All the power goes to SCE&G. So it's a separately financed plant, but it's solely related to -- we call it GenCo -- South Carolina Generating Company.

Mitchell Moss (Analyst - Lord Abbett):

Okay. So it's not really a holding company debt?

Jimmy Addison (CFO):

That's right. But it technically is a subsidiary of SCANA, so that's the reason we presented it that way.

Mitchell Moss (Analyst - Lord Abbett):

Oh, okay. Great, thank you very much.

Jimmy Addison (CFO):

You're welcome.

Operator:

And this concludes our question-and-answer session. I would like to turn the conference back over to Jimmy Addison for any closing remarks.

Jimmy Addison (CFO):

Well, thank you. So far, this has been a very eventful and productive year, and we're excited about the new arrangement with Westinghouse and Fluor. We continue to focus on our New Nuclear construction, and on operating all of our businesses in a safe and reliable manner. We thank you all for joining us today, and for your interest in SCANA. Have a good afternoon.

Operator:

The conference has now concluded.