SOUTH CAROLINA ELECTRIC & GAS COMPANY AND SCANA CORPORATION’S
ANSWER TO CONSOLIDATED COMPLAINT

Defendants South Carolina Electric & Gas Company, a Wholly Owned Subsidiary of
SCANA (“SCE&G”) and SCANA Corporation (“SCANA”) (jointly, “Defendants”) submit the
following Answer to Plaintiffs’ Consolidated Complaint, filed May 31, 2018 (“Complaint”):

FOR A FIRST DEFENSE
(General Denial)

INTRODUCTION

1. Responding to Paragraphs 1, 2, and 3 of the Complaint, Defendants admit that the Base Load Review Act, S.C. Code Ann. § 58-33-210, et seq. (“BLRA”), allows utilities—like SCE&G—to seek the advanced costs of construction of a base load plant from its customers. Defendants further admit that the South Carolina Public Service Commission (“PSC”) issued an order in 2009 granting SCE&G’s request for a certificate to construct a nuclear power plant pursuant to the terms of the BLRA, as well as subsequent orders approving SCE&G’s request to
bill its ratepayers for costs associated with constructing the nuclear power plants. Defendants deny any remaining allegations in Paragraphs 1, 2, and 3 of the Complaint, except to state that the Press Release from SCE&G dated November 13, 2013, is a publicly available document that speaks for itself.

2. Responding to Paragraphs 4, 5, 6, 7, and 8 of the Complaint, Defendants admit only that on July 31, 2017, SCE&G announced that it was abandoning the Jenkinsville nuclear power plant project, consisting of two new units, units 2 and 3, at the V. C. Summer nuclear power station (the “Project”), pursuant to the terms of the BLRA. Defendants deny any remaining allegations in paragraphs 4, 5, 6, 7, and 8 of the Complaint.

3. Defendants deny the allegations of Paragraph 9 of the Complaint.

PARTIES

4. Defendants currently lack knowledge or information sufficient to form a belief as to the allegations of Paragraphs 10, 11, 12, 13, 14, 15, 16, and 17 of the Complaint.

5. Responding to Paragraph 18 of the Complaint, Defendants admit only that SCE&G is an investor-owned electrical utility, as described in 2007 Act No. 16, § 1(A), and which is reflected in the Editor’s Note to S.C. Code Ann. § 58-33-210. Defendants currently lack knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 18.

6. Responding to Paragraph 19 of the Complaint, Defendants admit only that SCE&G is a South Carolina corporation and that it supplies electricity to customers in South Carolina, including customers in Fairfield, Hampton, and Richland Counties. Defendants deny the remaining allegations of Paragraph 19.
7. Defendants admit the allegations of Paragraph 20 of the Complaint to the extent they accurately quote Article IX, § 1 of the South Carolina Constitution and deny any allegations of Paragraph 20 that conflict with or are contradicted by the provisions of law Paragraph 20 purports to summarize.

8. Responding to Paragraph 21 of the Complaint, Defendants admit only that SCANA is a South Carolina corporation and that SCE&G is a wholly owned subsidiary of SCANA. Defendants deny the remaining allegations of Paragraph 21 of the Complaint.

9. Defendants deny the allegations of Paragraph 22 of the Complaint.

**JURISDICTION AND VENUE**

10. Responding to Paragraph 23 of the Complaint, Defendants admit only that this court possesses personal jurisdiction over SCE&G and SCANA. Defendants deny that this Court possesses subject matter jurisdiction over this action.

11. Defendants deny the allegations of Paragraph 24 of the Complaint and further allege that venue is proper only in Lexington County where Defendants’ home offices are located and where the most substantial part of the acts or omissions giving rise to this action occurred.


13. Defendants deny the allegations of Paragraph 26 of the Complaint.

**FACTUAL ALLEGATIONS AS TO DEFENDANTS SCE&G AND SCANA**

14. Defendants admit the allegations of Paragraphs 27 and 28 of the Complaint.
15. Responding to Paragraphs 29, 30, 31, and 32 of the Complaint, Defendants admit only that the BLRA became law on May 3, 2007. Defendants deny the remaining allegations of Paragraphs 29, 30, 31, and 32 to the extent they conflict with the actual provisions of the BLRA or editor’s note thereto they purport to summarize or quote.

16. Defendants deny the allegations of Paragraphs 33 and 34 of the Complaint.

17. In response to the allegations of Paragraph 35 of the Complaint, Defendants refer to the text of the BLRA and the record of proceedings before the PSC related to the Project as the best evidence of their contents. Defendants deny the allegations in Paragraph 35 to the extent they are inconsistent with the text of the BLRA or the PSC record.

18. Defendants deny the allegations of Paragraphs 36 and 37 of the Complaint.

19. In response to the allegations of Paragraphs 38, 39, 40, and 41 of the Complaint, Defendants refer to the text of the BLRA and the public record of proceedings before the PSC related to the Project as the best evidence of their contents. Defendants deny the allegations in Paragraphs 38, 39, 40, and 41 to the extent they are inconsistent with the text of the BLRA or the PSC record.

20. Defendants deny the allegations of Paragraph 42, 43, and 44 of the Complaint and refer to the public record of proceedings before the PSC related to the Project as the best evidence of their contents.

21. In response to the allegations of Paragraphs 45 and 46 of the Complaint, Defendants refer to the text of the BLRA and the record of proceedings before the PSC related to the Project as the best evidence of their contents. Defendants deny the allegations in Paragraphs 45 and 46 to the extent they are inconsistent with the text of the BLRA or the PSC record.
22. Defendants deny the allegations of Paragraphs 47, 48, 49, 50, 51, 52, 53, 54 (and all subparts), 55, 56, 57, 58, and 59 of the Complaint.

23. Responding to Paragraph 60 of the Complaint, Defendants admit only that SCE&G continued with the Project and appeared before the PSC in connection with revised rates proceedings after it received a report from the Bechtel Power Corporation. Defendants further respond that the public record of proceedings before the PSC related to the Project represents the best evidence of its contents. Defendants deny the remaining allegations of Paragraph 60 to the extent they are inconsistent with the PSC record.

24. Defendants deny the allegations of Paragraph 61 of the Complaint.

25. In response to the allegations of Paragraph 62 of the Complaint, Defendants refer to the public record of proceedings before the PSC related to the Project as the best evidence of its contents. Defendants deny the allegations in Paragraph 62 to the extent they are inconsistent with the PSC record.

26. Defendants admit the allegations of Paragraph 63 of the Complaint.

27. Responding to the allegations of Paragraph 64 of the Complaint, Defendants admit only that Westinghouse declared bankruptcy. Defendants deny the remaining allegations of Paragraph 64.

28. Responding to the first sentence of Paragraph 65 of the Complaint, Defendants allege that their respective representations speak for themselves and deny any allegations inconsistent with Defendants’ actual representations. Defendants deny the allegations in the second sentence of Paragraph 65.

29. Responding to the allegations of Paragraph 66 of the Complaint, Defendants admit only that on July 27, 2017, Defendants announced that SCE&G had reached a settlement
with Toshiba in full satisfaction of Toshiba’s guaranty of Westinghouse’s obligations with regard to the Project. Defendants deny the remaining allegations of Paragraph 66.

30. Defendants deny the allegations of Paragraph 67 of the Complaint.

31. Responding to Paragraph 68 of the Complaint, Defendants admit only that on July 31, 2017, SCE&G announced that it was ceasing further construction of the Project. Defendants deny the remaining allegations of Paragraph 68.

32. Responding to Paragraph 69 of the Complaint, Defendants admit only that on August 1, 2017, SCE&G filed a petition with the PSC seeking an order amending the capital cost schedule, construction schedule, and other terms and conditions of orders concerning the Project to reflect SCE&G’s decision, as of July 31, 2017, to abandon construction of the Project. Defendants further allege that SCE&G’s PSC filing speaks for itself and that the public record of proceedings before the PSC related to the Project represents the best evidence of its contents. Defendants deny the remaining allegations of Paragraph 69 to the extent they are inconsistent with the PSC record.

33. Defendants deny the allegations of Paragraphs 70, 71 (and all subparts), and 72 of the Complaint.

FACTUAL ALLEGATIONS AS TO DEFENDANTS THE STATE OF SOUTH CAROLINA, SCE&G, AND SCANA

34. Responding to Paragraph 73 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

35. Responding to the Paragraphs 74 and 75 of the Complaint, Defendants admit only that the South Carolina General Assembly passed the BLRA in 2007. Defendants currently lack knowledge or information sufficient to form a belief as to the remaining allegations of Paragraphs 74 and 75.
36. Defendants admit the allegations of Paragraph 76 of the Complaint.

37. Responding to Paragraphs 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, and 88 of the Complaint, Defendants allege that the text of the BLRA, applicable regulations, and other pertinent code sections purported to be summarized or quoted in these Paragraphs speak for themselves, and Defendants deny any allegations to the extent they conflict with the actual law they purport to summarize or quote.

38. Responding to Paragraph 89 of the Complaint, Defendants admit only that in 2008, SCE&G began the process for submitting its application to the PSC for approval of the Project pursuant to the BLRA. Defendants deny the remaining allegations of Paragraph 89.

39. Responding to Paragraph 90 of the Complaint, Defendants admit only that the PSC approved SCE&G’s Combined Application with regard to the Project in 2009, and thereafter SCE&G applied for and received approval for nine revised rates in proceedings before the PSC under the applicable provisions of the BLRA. Defendants further respond that the record of proceedings before the PSC related to the Project and the text of applicable law, including the BLRA, represent the best evidence of their contents and deny the remaining allegations of Paragraph 90 to the extent they are inconsistent with the PSC record and applicable law.

40. Responding to Paragraphs 91 and 92 of the Complaint, Defendants refer to the text of the BLRA and record of proceedings in front of the PSC as the best evidence of their contents. Defendants deny the allegations in Paragraphs 91 and 92 of the Complaint to the extent they contradict the text of the BLRA or record of proceedings before the PSC related to the Project.
41. Responding to Paragraph 93 of the Complaint, Defendants admit only that SCE&G announced its intention to abandon the Project on July 31, 2017. In further response, Defendants refer to the public record of proceedings before the PSC related to the Project. Defendants deny the remaining allegations of Paragraph 93 to the extent they contradict the record of proceedings before the PSC.

42. In response to the allegations in Paragraphs 94, 95, 96, and 97 of the Complaint, Defendants refer to the text of the BLRA, applicable regulations, and other pertinent code sections and the record of proceedings before the PSC related to the Project as the best evidence of their contents. Defendants deny the allegations in Paragraphs 94, 95, 96, and 97 of the Complaint to the extent they contradict the actual law or the record of proceedings before the PSC related to the Project. Defendants deny any remaining allegations in Paragraphs 94, 95, 96, and 97 of the Complaint.

43. Defendants deny the allegations of Paragraphs 98 and 99 of the Complaint.

44. In response to the allegations in Paragraph 100 of the Complaint, Defendants admit only that Plaintiffs seek an order from the Court, but deny that the BLRA is unconstitutional and deny that Plaintiffs are entitled to any form of relief.

45. CLASS ALLEGATIONS

46. Responding to Paragraph 101 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

47. In response to the allegations of Paragraphs 102, 103, 104, 105, 106 (and all subparts), 107, 108, 109, 110, 111, 112, 113, 114, and 115 of the Complaint, Defendants admit that Plaintiffs seek to represent a purported class as defined in Paragraph 104 of the Complaint, but Defendants deny that certification of a class would be appropriate for any of the claims
asserted in the Complaint, deny that the necessary factors for class action treatment exist for this case, deny that the alleged class definitions are appropriate, and deny that Plaintiffs or any putative class member are entitled to any legal or equitable relief in this lawsuit.

**COUNT ONE OF THE COMPLAINT**  
(Restitution/Unjust Enrichment)

47. Responding to Paragraph 116 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

48. Defendants deny the allegations of Paragraphs 117, 118, 119, 120, 121, 122, 123, 124, 125, and 126 of the Complaint, except they admit only that SCE&G has terminated construction of the Project and received a settlement from Toshiba.

**COUNT TWO OF THE COMPLAINT**  
(Negligence and/or Gross Negligence)

49. Responding to Paragraph 127 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

50. Defendants deny the allegations of Paragraphs 128 (and all subparts), 129 (and all subparts), 130, and 131 of the Complaint.

**COUNT THREE OF THE COMPLAINT**  
(Waste)

51. Responding to Paragraph 132 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

52. Defendants deny the allegations of Paragraphs 133, 134 (and all subparts), 135, 136, and 137 of the Complaint.
COUNT FOUR OF THE COMPLAINT  
(Breach of Fiduciary Duty)

53. Responding to Paragraph 138 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

54. Responding to Paragraph 139 of the Complaint, Defendants admit only that SCE&G is a wholly-owned subsidiary of SCANA Corporation, which is a publicly held company whose shares are traded on the New York Stock Exchange, and that SCE&G is a regulated utility under South Carolina law by the PSC. Defendants deny the remaining allegations of Paragraph 139.

55. Defendants deny the allegations of Paragraphs 140, 141, 142, 143, 144, 145 (and all subparts), and 146 of the Complaint.

COUNT FIVE OF THE COMPLAINT  
(Breach of Contract and/or Implied Breach of Contract)

56. Responding to paragraph 147 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

57. Defendants deny the allegations of Paragraphs 148, 149, 150, 151, 152, and 153 of the Complaint.

COUNT SIX OF THE COMPLAINT  
(Promissory Estoppel)

58. Responding to paragraph 154 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

59. Defendants deny the allegations of Paragraphs 155, 156, 157, 158, 159, and 160 of the Complaint.
COUNT SEVEN OF THE COMPLAINT  
(Constructive Trust)  

60. Responding to paragraph 161 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.


COUNT EIGHT OF THE COMPLAINT  
(Money Had and Received)  

62. Responding to Paragraph 171 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

63. Defendants deny the allegations of Paragraphs 172, 173, 174, and 175 of the Complaint.

COUNT NINE OF THE COMPLAINT  
(Violation of the Guarantee of Equal Protection of the Law)  

64. Responding to Paragraph 176 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

65. Defendants deny the allegations of Paragraphs 177, 178, 179, and 180 of the Complaint.

COUNT TEN OF THE COMPLAINT  
(Violation of the Guarantee of Procedural and Substantive Due Process)  

66. Responding to Paragraph 181 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

67. Defendants deny the allegations of Paragraphs 182, 183, 184, 185, and 186 of the Complaint and refer to the text of the BLRA, applicable regulations, and other pertinent sections of the code as the best evidence of their contents.
COUNT ELEVEN OF THE COMPLAINT
(Unconstitutional Taking in Violation of the 5th Amendment, and Art. I, § 13 S.C. Constitution)

68. Responding to Paragraph 187 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

69. Defendants deny the allegations of Paragraphs 188 and 189 of the Complaint to the extent that such allegations conflict with the actual statutory language Paragraphs 188 and 189 purport to summarize and refer to the actual text of the BLRA as the best evidence of its contents.

70. Defendants deny the allegations of Paragraphs 190, 191, and 192 of the Complaint.

COUNT TWELVE OF THE COMPLAINT

71. Responding to Paragraph 193 of the Complaint, Defendants repeat and reallege their answers to each previous paragraph of the Complaint as though fully set forth herein.

72. Defendants deny the allegations of Paragraph 194 of the Complaint to the extent that such allegations conflict with the actual statutory language Paragraph 194 purports to summarize and refers to the actual text of the referenced statute as the best evidence of its contents.

73. Responding to Paragraphs 195 and 196 of the Complaint, Defendants admit only that Plaintiffs are requesting a declaration from the Court but deny that Plaintiffs are entitled to such declaration or any of the relief requested in Paragraphs 195 and 196 of the Complaint.

74. Defendants deny that Plaintiffs are entitled to a jury trial or entitled to any of the relief sought in their Prayer for Relief, including all subparagraphs.
FOR A SECOND DEFENSE  
(Lack of Subject Matter Jurisdiction)

75. In 2009, 2010, 2011, 2012, 2015, and 2016, the PSC issued final orders in proceedings on applications filed by SCE&G under the BLRA seeking various forms of relief. Some of these orders were appealed to the South Carolina Supreme Court, and all are now final. Under S.C. Code Ann. § 58-33-320, “no court of this state shall have jurisdiction to hear or determine any issue, case, or controversy concerning any matter which was or could have been determined in a proceeding before the commission [PSC] under this chapter [Utility Facility Siting and Environmental Protection, which includes the BLRA]…. ” Accordingly, this court lacks subject matter jurisdiction to hear or determine any matter that was raised or could have been raised in any of the proceedings before the PSC. In addition, any matter that has been determined by the South Carolina Appellate Courts is the law of the case and may not be revisited.

FOR A THIRD DEFENSE  
(Estoppel, Lack of Standing)

76. As ratepayers, Plaintiffs would have received notice of their right to intervene as a party in any of the aforementioned six proceedings before the PSC on applications filed by SCE&G under the BLRA. Plaintiffs are now barred from raising any matter they could have raised as a party to any of these proceedings under the doctrines of Res Judicata, Collateral Estoppel, Law of the Case, and the Filed Rate Doctrine. In addition, Plaintiffs lack standing to pursue any of their claims.

FOR A FOURTH DEFENSE  
(Exclusive Jurisdiction of S.C. Public Service Commission)

77. The relief sought by the Plaintiffs is only available through the PSC, which has exclusive jurisdiction. Therefore, this action must be dismissed.
FOR A FIFTH DEFENSE
(Primary Jurisdiction of S.C. Public Service Commission)

78. In the alternative, the PSC has primary jurisdiction of the issues Plaintiffs seek to raise, and the Court should dismiss or stay the present action pending resolution of those issues by the PSC.

FOR A SIXTH DEFENSE
(Rule 12(b)(8) SCRCP)

79. There are presently pending before the PSC other matters that involve SCE&G and its ratepayers or organizations representing its ratepayers that seek to raise the same issues as Plaintiffs: (1) In Re: Friends of the Earth and Sierra Club, Complainant/Petitioner v. South Carolina Electric & Gas Company, Defendant/Respondent, Docket No. 2017-207-E, filed June 22, 2017; and (2) In Re: Request of the Office of Regulatory Staff for Rate Relief to SCE&G pursuant to S.C. Code Ann. § 58-27-920, Docket No. 2017-305-E, filed September 26, 2017. Consequently, the present action should be dismissed pursuant to Rule 12(b)(8), SCRCP, or stayed.

FOR A SEVENTH DEFENSE
(Failure to State a Claim, No Private Right of Action)

80. Plaintiffs’ Complaint fails to state facts sufficient to constitute a cause of action against Defendants, or for which there is a private right of action.

FOR AN EIGHTH DEFENSE
(Improper Venue)

81. Venue in this matter is improper in Hampton County pursuant to Rule 12(b)(3), SCRCP and applicable venue law.

FOR A NINTH DEFENSE
(Statute of Limitations)

82. Plaintiffs’ claims are barred by any applicable statutes of limitation or repose.
83. Plaintiffs’ claims are barred in whole or in part by the doctrine of federal preemption because certain expenses incurred by SCE&G were required by federal law, including but not limited to the Atomic Energy Act of 1954 (as amended), federal regulations promulgated thereunder, and requirements of the Nuclear Regulatory Commission for purposes of federal licensing and regulation of certain nuclear materials and facilities based on the common defense and security and radiological health and safety.

84. Plaintiffs’ claims are barred as a result of their failure to pursue and to exhaust administrative remedies.

85. Plaintiffs’ tort claims are barred by the Economic Loss Rule because of the nature of the relationship between Defendants and Plaintiffs.

86. Plaintiffs’ claims are not ripe for prosecution.

87. Plaintiffs’ claims are barred by any and all equitable defenses available to Defendants, including, but not limited to, the doctrines of laches, waiver, and/or estoppel.
FOR A FIFTEENTH DEFENSE
(Class Action Not Proper)

88. This action should not proceed as a Class Action pursuant to Rule 23, SCRCP, because the requisite elements are not met.

FOR A SIXTEENTH DEFENSE
(State Law Preemption)

89. Plaintiffs’ claims should be dismissed because they are preempted by the BLRA and other applicable South Carolina statutes and regulations.

FOR A SEVENTEENTH DEFENSE
(Acts of Third Parties)

90. Plaintiffs’ cause of action for negligence should be dismissed in whole or in part because Plaintiffs’ damages were proximately caused by intervening and superseding events and acts of third parties, for which Defendants are not responsible.

FOR AN EIGHTEENTH DEFENSE
(Lack of Foreseeability)

91. Plaintiffs’ cause of action for negligence should be dismissed because Plaintiffs’ damages were caused by unforeseeable acts and events, for which Defendants are not responsible.

FOR A NINTEENTH DEFENSE
(Due Process of Law)

92. Plaintiffs’ claims, if permitted to proceed, would upset and violate Defendants’ rights to due process pursuant to the South Carolina and United States Constitutions.

FOR A TWENTIETH DEFENSE
(Voluntary Payment Doctrine)

93. Plaintiffs’ claims are barred, in whole or in part, by the doctrine of Voluntary Payment.
FOR A TWENTY-FIRST DEFENSE
(Filed Rate Doctrine)

94. Plaintiffs’ claims are barred, in whole or in part, by the filed rate doctrine.

FOR A TWENTY-SECOND DEFENSE
(Punitive Damages Prohibited)

95. Plaintiffs’ claims for punitive damages are barred by the Fifth, Sixth, Eighth, and Fourteenth Amendments of the United States Constitution and Article I, Section 3 of the South Carolina Constitution.

FOR A TWENTY-THIRD DEFENSE
(Lack of State Actor)

96. Plaintiffs’ taking claim against Defendants is barred because Defendants are not state actors.

FOR A TWENTY-FOURTH DEFENSE
(Other Potential Defenses)

97. Defendants intend to rely on any and all other available defenses as may be developed through discovery and the evidence.

WHEREFORE, having fully answered the Consolidated Complaint, Defendants South Carolina Electric and Gas Company and SCANA Corporation pray that the Court look into the matters and things alleged in the Consolidated Complaint, dismiss the Consolidated Complaint with prejudice, or in the alternative, without prejudice under the doctrine of primary jurisdiction, and for such other and further relief as the Court may deem just and proper.
June 15, 2018
Columbia, South Carolina