

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COLUMBIA, SOUTH CAROLINA

HEARING #11-11173

JANUARY 27, 2011

10:00 A.M.

**ALLOWABLE EX PARTE BRIEFING**

*REQUESTED BY DUKE ENERGY CAROLINAS, LLC* - Economic development activities and 2010 successes

**TRANSCRIPT OF  
PROCEEDINGS**

**COMMISSIONERS PRESENT:** John E. 'Butch' HOWARD, *CHAIRMAN*, David A. WRIGHT, *VICE CHAIRMAN*; and COMMISSIONERS G. O'Neal HAMILTON, Randy MITCHELL, Swain E. WHITFIELD, and Nikiya 'Nikki' HALL

ADVISOR TO COMMISSION: Joseph Melchers, Esq.

**STAFF:** Jocelyn G. Boyd, Chief Clerk/Administrator; F. David Butler, Jr., Senior Counsel; James Spearman, Ph.D., Executive Assistant to the Commissioners; B. Randall Dong, Esq., Josh Minges, Esq., and Rebecca Dulin, Esq., Legal Staff; Tom Ellison, Lynn Ballentine, and William O. Richardson, Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM-GNSC, Court Reporter; and Deborah Easterling, Hearing Room Assistant

**APPEARANCES:**

*FRANK R. ELLERBE, III, ESQUIRE, along with CATHERINE HEIGEL, ESQUIRE, and CLARK GILLESPIE, presenters,* representing DUKE ENERGY CAROLINAS, LLC

*SHANNON BOWYER HUDSON, ESQUIRE,* representing the OFFICE OF REGULATORY STAFF

---

***PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA***

101 EXECUTIVE CENTER DRIVE  
COLUMBIA, SC 29210

Post Office Box 11649  
COLUMBIA, SC 29211

[WWW.PSC.SC.GOV](http://WWW.PSC.SC.GOV)

**I N D E X**

**PAGE**

**REMARKS BY MR. ELLERBE..... 3**

**PRESENTATION ..... 4**

Question(s)/Comment by Vice Chairman Wright..... 12

Question(s)/Comment by Commissioner Hamilton..... 13

Question(s)/Comment by Vice Chairman Wright..... 25

Question(s)/Comment by Commissioner Mitchell..... 31

Question(s)/Comment by Chairman Howard..... 47

Question(s)/Comment by Commissioner Mitchell..... 48

Question(s)/Comment by Commissioner Mitchell..... 58

Question(s)/Comment by Commissioner Whitfield..... 58

Question(s)/Comment by Commissioner Mitchell..... 64

Question(s)/Comment by Commissioner Whitfield..... 64

Question(s)/Comment by Chairman Howard..... 66

**REPORTER'S CERTIFICATE..... 68**

Please note the following inclusions/attachments to the record: PowerPoint presentations (PDF); 2010 Annual Report

P R O C E E D I N G S

1  
2           **CHAIRMAN HOWARD:** Please be seated. Attorney  
3 Melchers, will you read the docket for this ex  
4 parte communication. Thank you.

5           **MR. MELCHERS:** Thank you, Mr. Chairman,  
6 Commissioners. This is a request for an allowable  
7 ex parte briefing that was requested by Duke Energy  
8 Carolinas, LLC. It was set for today, January  
9 27th, at 10 a.m., here at the Commission offices.  
10 The subject matter to be discussed at this briefing  
11 is Duke Energy Carolinas' economic development  
12 activities and 2010 successes. Thank you, Mr.  
13 Chairman.

14           **CHAIRMAN HOWARD:** Thank you, Mr. Melchers.  
15 Before we get started, I would like to point out  
16 that Commissioner Fleming is at an EICPC meeting in  
17 Washington. She regrets she will not be attending,  
18 and we'll get her all the information.

19           **MS. HEIGEL:** Thank you.

20           **CHAIRMAN HOWARD:** Ms. Heigel, are you in  
21 charge?

22           **MS. HEIGEL:** Well, I'm going to let Mr.  
23 Ellerbe kick us off.

24           **CHAIRMAN HOWARD:** Mr. Ellerbe, your turn.

25           **MR. ELLERBE:** Thank you, Mr. Chairman. Good

1 morning, Commissioners. Just wanted to introduce  
2 our presenters. Catherine Heigel is president of  
3 Duke Energy South Carolina, and Clark Gillespy is  
4 Duke's vice president for Economic Development,  
5 Business Development, and Territorial Strategy.  
6 And they are going to be telling you all about the  
7 company's economic development efforts and  
8 successes, and the ways in which this Commission's  
9 approval of various programs and tariffs have  
10 assisted them in those efforts and successes. So  
11 thank you, very much, for the opportunity to be  
12 here.

13 **CHAIRMAN HOWARD:** Thank you. First let me ask  
14 -- Ms. Heigel, before you start -- anyone  
15 representing ORS?

16 **MS. HUDSON:** Good morning, Mr. Chairman, Vice  
17 Chairman, members of the Commission. My name is  
18 Shannon Bowyer Hudson. I'm here on behalf of the  
19 ORS as the ORS designee.

20 **CHAIRMAN HOWARD:** Thank you, glad to have you  
21 with us. Ms. Heigel?

22 **MS. HEIGEL:** Thank you. It's a pleasure to be  
23 back here so soon, and on a good-news story. At  
24 least we think it's great news. And that is,  
25 economic development. One of the things that I

1 have found in my role, now ten months in, is that  
2 there are a lot of people in our State who really  
3 don't know what their local electric utility does  
4 to promote economic growth and development in their  
5 community. And we've had a banner year in 2010,  
6 and I thought it would be -- we thought, as a team  
7 -- that it would be appropriate to come before you  
8 all, to talk about what we're doing at Duke Energy  
9 to promote growth and economic stability in South  
10 Carolina.

11 And so with me today is Clark Gillespy, as Mr.  
12 Ellerbe mentioned. And Clark heads up our economic  
13 development team for all of Duke Energy, and is  
14 based in Charlotte, but misses Greenville terribly.

15 **MR. GILLESPY:** Very true.

16 [Reference: PowerPoint Slides 1-3]

17 **MS. HEIGEL:** So we have a rather dense slide  
18 deck, but please don't be overwhelmed by that.  
19 We're going to motor through it pretty quickly, but  
20 we thought there was just a lot of good information  
21 that you all might want to have as a reference.

22 [Reference: PowerPoint Slide 4]

23 So to begin with, what is our mission? Well,  
24 for over 106 years, since 1904, Duke Power, Duke  
25 Energy, has been working to promote growth and

1 development in our communities, beginning back with  
2 the creation of the first hydro facility back in  
3 1904. We have over that time grown substantially,  
4 as you know.

5 [Reference: PowerPoint Slides 5-6]

6 So looking at 2010, to kind of start off, a  
7 great year as you can see there by the bar chart.  
8 2010 provided \$1.6 billion of investment that  
9 landed in the Duke Energy South Carolina service  
10 territory. So these are just South Carolina service  
11 territory numbers.

12 By contrast, as you can see, 2009 was a tough  
13 year for the economy. But even in 2010, which was  
14 also a difficult year, we saw a great deal of  
15 rebound, which is giving us a great deal of hope  
16 about what the future holds and the economic  
17 recovery.

18 In those numbers for 2010, many of you may be  
19 familiar with the First Quality Tissue announcement  
20 in Anderson, and that's a substantial chunk of  
21 that; that's a billion of that. As well as the ZF  
22 Group, which is bringing \$350 million of  
23 investment, and ZF is a major supplier to BMW.

24 [Reference: PowerPoint Slide 7]

25 Jobs. This is new job creation as a result of

1 the investments that were announced in 2010: over  
2 5,000 jobs in 2010. And we think that's really the  
3 best news. The investment is great, but the jobs,  
4 we keep.

5 [Reference: PowerPoint Slide 8]

6 Project wins. As you saw from the previous  
7 slides, we had 24 for 2010 but a few projects  
8 comprise a substantial portion of that. So the  
9 remainder of the 24 are a large number of smaller  
10 projects -- I'll name a few: Proterra, Bosch  
11 Rexroth, Defense Ventures Group, Parkdale Mills,  
12 and so on. The amount of effort that goes into  
13 each one, whether large or small, is significant.

14 [Reference: PowerPoint Slide 9]

15 So this is a slide that was taken from the  
16 *Site Selection Magazine* -- it's sourced at the  
17 bottom -- from just a few weeks ago. And this is  
18 kind of a listing of what those major projects were  
19 from 2010 that comprised the numbers that you just  
20 saw, the \$1.6 billion and over 5,000 jobs. That  
21 lists out the investments and the employment  
22 figures for some of the larger ones.

23 **MR. GILLESPIE:** Let me -- Catherine, let me  
24 jump in here for a moment. As Catherine mentioned,  
25 this was actually taken from *Site Selection*

1           *Magazine*, as sourced down there at the bottom. On  
2           this particular slide, it denoted South Carolina's  
3           12 -- or, top 12 projects. It was a pretty busy  
4           slide, so we just took out our five projects. But  
5           on this, what it showed was, again, South  
6           Carolina's top 12 projects. Of those 12, five are  
7           ours. The reason we wanted to call this to your  
8           attention is, if you look at the top 12, that was  
9           basically a little over 4,600 jobs for the State of  
10          South Carolina, and a capital investment of a  
11          little over \$1.8 billion. Again, these are the top  
12          12 projects. Our five represented over 3,400 jobs  
13          and over \$1.5 billion in capital investments.

14                 So if you start looking at percentages, it  
15                 shows that, on this particular slide, our efforts  
16                 represented 74 percent of the jobs that were  
17                 created from these 12 projects and over 82 percent  
18                 of the capital investment. And that's significant  
19                 when you look at our service territory, which is  
20                 roughly 30 percent of the State of South Carolina,  
21                 or 14 counties of the 46 counties.

22                 But, again, the big story here are the 12  
23                 major projects that highlighted what South Carolina  
24                 did in 2010 through *Site Selection Magazine*.

25                                 [Reference: PowerPoint Slide 10]

1                   **MS. HEIGEL:** Thanks, Clark. So this is Joe  
2 Taylor's famous bubble map that he commissioned  
3 over at the Department of Commerce to show where  
4 investment was landing and whether it was expansion  
5 or whether it was new investment. So, as you can  
6 see from that, the Upstate area, metro Charlotte  
7 area, have been particularly blessed with  
8 significant expansions and new investment, and that  
9 is -- thanks, Clark -- that's something we are very  
10 proud of.

11                   **MR. GILLESPIE:** Let me mention on this slide,  
12 this slide and the next one, we love these slides  
13 and these maps because, one, they're not ours;  
14 they're Joe Taylor's, and this was something he  
15 started several years ago, because he was very  
16 curious as to what is the impact that the utility  
17 industry is having on economic development in the  
18 State of South Carolina, and he wanted a graphic  
19 display of what each utility is doing. So we came  
20 back to him each year, asking him to update these  
21 slides for us, but these are the ones that he uses  
22 with his team. And we certainly hope that  
23 Secretary Bobby Hitt will continue this.

24                   **MS. HEIGEL:** So the next slide is the jobs  
25 slide.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

[Reference: PowerPoint Slide 11]

As Clark said, for the same reasons, we like these, the independent, third-party view of these slides.

[Reference: PowerPoint Slide 12]

So to kind of sum it up: a great year, last year, but as you can see, a sustained level of effort on Duke's part. The most coveted award or recognition is the *Site Selection Magazine* Top 10 Utilities in Economic Development for North America. That's the first one listed there, and this was the twelfth year in a row for Duke to make that list. So we had a great year in 2010, but we've been at this for a long time.

**MR. GILLESPIE:** And let me jump in here. That first bullet point: *Site Selection Magazine* is, most likely, the top magazine in the site selection industry. This particular award is the most coveted award by any economic development group within a utility company. It is highly competitive. As you can imagine, the stakes are much more sophisticated these days. But what's neat about this award is it is for all the economic development agencies within utility companies across North America, so it's not just the US, so

1 this is a highly competitive process. Matter of  
2 fact, when *Site Selection Magazine* called me to  
3 note that we had won it again this year, they were  
4 saying they think this is a record; to have it 12  
5 years in a row is pretty, kind of, remarkable.

6 The next three bullet points really are more  
7 germane to just the State of South Carolina. Those  
8 are three, again, top magazines in this industry.  
9 The best thing about these awards is this: These  
10 three magazines have a tremendous shelf life, and  
11 that is to say that site selection consultants and  
12 companies that are self-performing their site  
13 selection efforts, they look at these rankings, and  
14 when you're on these rankings and you get this sort  
15 of accolade, you're on what we call the look list.  
16 You get on the radar screen. To know that you're  
17 number one as business friendly, that speaks  
18 volumes to companies that are looking to site a  
19 manufacturing facility.

20 So it's nice to be recognized in the national  
21 media, but what's more important is the shelf life  
22 that each of these magazines has, and also who is  
23 looking at them and how they are used, and that's  
24 the real story behind this slide. This is just  
25 phenomenal to see where South Carolina is ranking

1 with this. And it will pay off in spades, as far  
2 as far as projects. And Catherine denoted on an  
3 earlier slide the project activity, and that's a  
4 lot of what you're seeing reflected here in these  
5 awards.

6 **MS. HEIGEL:** One of the things on the bottom  
7 bullet there, you'll see rankings in particular  
8 areas, a number of categories in which the states  
9 get ranked. Two that we did not do particularly  
10 well in as a state are patents in electrical  
11 property and property tax. And so those are things  
12 that we keep our eye on as we look to improvements  
13 at the state level that can be made.

14 **VICE CHAIRMAN WRIGHT:** Could I ask a question?

15 **MS. HEIGEL:** Absolutely. Please.

16 **VICE CHAIRMAN WRIGHT:** How does that relate to  
17 your little bullet after the -- the first little  
18 dash, where you're number one in the lowest  
19 business cost? You're talking about property  
20 taxes, but then you're number one in the lowest  
21 business cost. How does that -- kind of explain  
22 that to me.

23 **MS. HEIGEL:** It's an overall -- and Clark can  
24 jump in at any point. But that's an overall look.  
25 There are some companies for whom -- like data

1 centers, for example -- that are asset- and  
2 property-intense, and that number one ranking for  
3 lowest business cost, because of the nature of  
4 their business, is not reflective of their -- in  
5 other words, it wouldn't be number one for them,  
6 for their business. That's an overall kind of look  
7 for an average kind of business. But if you were  
8 property-intensive or asset-intensive --

9 **VICE CHAIRMAN WRIGHT:** Right.

10 **MS. HEIGEL:** -- it's a different look. And as  
11 we look at major manufacturing and data centers and  
12 things of that nature, that number can be  
13 misleading.

14 **VICE CHAIRMAN WRIGHT:** Yeah, well, that's why  
15 I asked the question. Okay, thanks.

16 **COMMISSIONER HAMILTON:** Mr. Chairman.

17 **CHAIRMAN HOWARD:** Commissioner Hamilton.

18 **COMMISSIONER HAMILTON:** To follow up on  
19 Commissioner Wright's question as to property tax,  
20 doesn't tax-in-lieu of South Carolina -- or, tax-  
21 in-lieu kind of screw this to where it would be a  
22 positive figure?

23 **MS. HEIGEL:** It helps. It absolutely is a  
24 tool that we have to help and abate the property  
25 tax issue.

1                   **COMMISSIONER HAMILTON:** I wonder if the  
2                   magazines are aware that we have it, because I know  
3                   all new industry participates and it's been -- I  
4                   know from my part of the State, it's been a  
5                   Godsend.

6                   **MS. HEIGEL:** Yes.

7                   **MR. GILLESPIY:** That's right. And to your  
8                   point, I think most of them are aware of the fee-  
9                   in-lieu, so that is -- and the way these work is,  
10                  they actually spreadsheet these out. As you can  
11                  imagine, it's quite voluminous as they do it. But  
12                  for one particular industry, it may not be the  
13                  lowest business cost, and for others it would be.  
14                  But yeah, good point about the fee-in-lieu.

15                  **COMMISSIONER HAMILTON:** Thank you.

16                  **MS. HEIGEL:** We have -- and we'll get to this  
17                  later, but if you think about data centers, which  
18                  are significant investments, they have hundreds of  
19                  millions of dollars invested in equipment, in  
20                  servers, and they replace those servers every three  
21                  to five years completely, so that's an additional  
22                  investment of, you know, \$300-or-more million,  
23                  depending on the size of the data center. And  
24                  right now in South Carolina there is no tax  
25                  abatment or exemption, for that type of

1 investment, existing; whereas, in North Carolina,  
2 there is. And so, you see -- you know, you could  
3 give them the best deal possible on the dirt, but  
4 there are other investments in [indicating]  
5 "property" that we have to look at.

6 [Reference: PowerPoint Slides 13-14]

7 So let me tell you little bit about the team.  
8 We've got Clark here with me. And his group is  
9 divided into, really, three functional areas.  
10 You've got the Business Development Team, you've  
11 got the Economic Development Team, and you've got  
12 the Territorial Strategies Team. So I'm going to  
13 fast-forward one slide here, that kind of breaks  
14 those down.

15 [Reference: PowerPoint Slide 15]

16 The -- and this is Clark's analogy; I'm just  
17 going to steal it, the fishing analogy here. The  
18 way it's best I think to visualize this is, think  
19 about business development as trying to get the  
20 fish on the hook. So we have people who are  
21 dedicated to being out there, planting seeds,  
22 attending conferences, developing economic cluster  
23 activity, and basically developing leads and  
24 recruiting new businesses to our area, getting them  
25 to look at us. So, that's, you know, the Business

1 Development Team, getting that fish on the hook.

2 Then we have the Economic Development Team,  
3 which is responsible for -- those are the folks on  
4 the ground. They're responsible for getting that  
5 fish in the boat. And they do a good -- a great  
6 job of that.

7 And then, lastly, the Territorial Strategies  
8 Team, those are the folks that make sure that we're  
9 fishing in legal waters as we discern the  
10 boundaries of what is Duke-served territory, what's  
11 co-op-served area, and what's competitive choice.  
12 So those are the line police; they make sure we're  
13 serving where we should be. And I think that's the  
14 easiest way.

15 We've got some of those folks here today. I'd  
16 like to introduce them to you. We have Steve West  
17 and Sandy Martin, who are part of our Economic  
18 Development Team.

19 **MR. WEST:** [Indicating.]

20 **MR. MARTIN:** [Indicating.]

21 **CHAIRMAN HOWARD:** Glad to have you with us.

22 **MS. HEIGEL:** And Scott Miller, who is part of  
23 our Territorial Strategies Team.

24 **MR. MILLER:** [Indicating.]

25 **CHAIRMAN HOWARD:** Glad to have you here.

1           **MR. GILLESPIE:** Let me -- let me dive a little  
2 bit deeper into this one, because this is  
3 important, and it's unique. There are less than a  
4 handful of utility companies in the nation, and  
5 perhaps even further than that, that are set up in  
6 this manner. This was very intentional and  
7 strategic in the way it was set up this way several  
8 years ago. We could spend days on each one, but I  
9 want to get just a little deeper in each one, and  
10 then really the remainder of our comments will  
11 focus on just the Economic Development Team.

12           But as Catherine alluded to, the Business  
13 Development Team, those are four professionals that  
14 were brought into Duke within the past few years --  
15 matter of fact, one as recently as this week.  
16 These are not utility folks; these came from the  
17 consulting world, typically engineers who came from  
18 geotech and engineering firms. They go -- it's  
19 kind of a Captain Kirk mission here. They go where  
20 no other man goes. They turn over the rocks no one  
21 else is willing to. They don't do the trade  
22 missions and trade shows; they fly solo. They're  
23 out there on their own. It's very cloak and  
24 dagger. These are ones that are wrapped up in the  
25 confidentiality agreements. They find out about

1 projects before anyone else does -- typically, in  
2 some cases, even before the project is funded. But  
3 their job is to get out there and find these leads  
4 way out on the cutting-edge and bring them into our  
5 service territory.

6 So the way it works is they find the lead and  
7 they qualify it. Once it's qualified, they hand it  
8 over to the Economic Development Team. By doing  
9 so, we call that putting it into the network, and  
10 once it's put into the network, that's when we  
11 notify the South Carolina Department of Commerce  
12 and our allies. So sometimes we're creating the  
13 lead, and other times we are being -- we're letting  
14 it be known that this is a lead. So from that  
15 point, the Economic Development Team begins working  
16 with our allies -- as I mentioned before, South  
17 Carolina Department of Commerce and the local  
18 allies.

19 **MS. HEIGEL:** And we've got slides later on --

20 **MR. GILLESPIE:** Yeah.

21 **MS. HEIGEL:** -- that will list out a lot of  
22 who those partners are.

23 **MR. GILLESPIE:** So that's where they come into  
24 play. And as Catherine also mentioned, the  
25 Territorial Strategies Team, once we start looking

1 at our service territory, we need to be sure that  
2 the sites that we're showing them are either  
3 assigned to us or are customer-choice. And if  
4 they're customer-choice then who else needs to be  
5 at the table, so it really creates a level playing  
6 field for everyone. But in this area, I would say  
7 there's actually only one other utility that's even  
8 organized in this manner at all. So this is quite  
9 unique to the utility industry.

10 **CHAIRMAN HOWARD:** Mr. Gillespy before you  
11 leave that slide, would you please have the three  
12 individuals stand up and introduce themselves so we  
13 can put a name to those in your team? They stood  
14 up as a group, I think.

15 **MR. GILLESPY:** Oh, absolutely.

16 **MS. HEIGEL:** Sure.

17 **MR. GILLESPY:** If Sandy Martin will stand up?

18 **MR. MARTIN:** [Indicating.]

19 **MR. GILLESPY:** He's on the Economic  
20 Development Team. Steve West --

21 **MR. WEST:** [Indicating.]

22 **MR. GILLESPY:** -- is on our Economic  
23 Development Team. And Scott Miller --

24 **MR. MILLER:** [Indicating.]

25 **MR. GILLESPY:** -- is from our Territorial

1 Strategies Team.

2 **CHAIRMAN HOWARD:** Thank you again. Welcome.

3 Thank you, very much.

4 **MS. HEIGEL:** And what I'll do is I'll fast-  
5 forward here. This just shows our service area.  
6 But these --

7 [Reference: PowerPoint Slides 16-17]

8 -- are the counties that Sandy and Steve are  
9 responsible for working with, and I've had the  
10 privilege of traveling with both of them to most of  
11 those counties over the last couple of months, and  
12 meeting with their economic development partners on  
13 the ground there. And so that's how we have that  
14 broken out.

15 [Reference: PowerPoint Slide 18]

16 So the purpose of the first set of slides was  
17 really to talk about what is our mission, what is  
18 Duke trying to achieve, how -- we were very  
19 successful in 2010. How did we do it? And as  
20 Clark alluded to, it's through partnerships with  
21 others in the State and through a lot of work. So  
22 I'm going to turn it over to him to really go  
23 through who those partners are and how that work  
24 gets done.

25 [Reference: PowerPoint Slide 19]

1                   **MR. GILLESPIE:** And I'll add some flavor behind  
2 each of these names here, but first and foremost is  
3 the South Carolina Department of Commerce, and  
4 we're excited about Governor Haley and Secretary  
5 Bobby Hitt. We had a great working relationship  
6 with Joe Taylor and Jack Ellenberg and Bill Cronin  
7 and all the project managers, so, of course, we  
8 look forward to continuing that. And let me  
9 mention as we're looking at these various bullet  
10 points, they say it takes a village to raise a  
11 child. And I daresay it takes a state to win a  
12 project, because one thing that we do know about  
13 this particular field is a project is never won by  
14 one person, but one person can certainly lose a  
15 project. So when we look across the allies here,  
16 we've got to make sure that we know all the  
17 strengths and weaknesses of our allies, as well as  
18 ourselves, where each plays, what our roles are,  
19 and at what point we come into the projects. We  
20 put in the Upstate Alliance. There's also the SC  
21 Alliance, as well -- or, excuse me, Central SC  
22 Alliance. So all of these are partners that we  
23 pull into our projects, or they pull us into  
24 theirs, because as I mentioned, it takes everyone  
25 rowing in the right direction to really win these

1 projects.

2 There are also strategic alliances, as well,  
3 such as South Carolina Manufacturers Alliance; now  
4 Catherine sits on the board of that. South  
5 Carolina Chamber of Commerce; George Acker sits on  
6 the board of that.

7 **MS. HEIGEL:** And George is our vice president  
8 for Community Relations.

9 **MR. GILLESPIE:** And as we go through, you know,  
10 a lot of folks refer to this is big game hunting,  
11 because when you're out there going after these  
12 projects some call it a buffalo hunt and others  
13 call it an elephant hunt. To be quite honest with  
14 you, at times it feels more like you're chasing a  
15 gazelle or perhaps a rabbit, because these things  
16 ping-pong around like you can't imagine. Sometimes  
17 they're up and down within a matter of months, and  
18 other times it takes years. So we're all in it for  
19 the long haul. This is also to say that there are  
20 times where, on these projects with these allies,  
21 Duke is in the position of being the lead jeep, and  
22 that's well and good, and then other times we're  
23 there to help carry the luggage, and that's just as  
24 well. So long as we're winning the projects for  
25 the State, that's what matters at the end of the

1 day.

2 There's a host of economic agencies that we  
3 could go through. As I mentioned, we cover 14  
4 counties. I think right now what's probably best  
5 is to talk about also some of the alliances that we  
6 have with the community colleges, universities, and  
7 the colleges themselves. For instance, with  
8 Clemson, with the CU iCar -- if you want to --

9 **MS. HEIGEL:** Well, I'll -- you know, I'll  
10 mention we have a number of initiatives with  
11 Clemson, with the University itself, and then  
12 through CU iCar. They have been a great partner  
13 for us and continue to be. I think it goes without  
14 saying that the presence of CU iCar is substantial  
15 in our ability to recruit more automotive and  
16 automotive-related industries, whether they be a  
17 Proterra type company, electric bus, or whether  
18 it's a ZF and a supplier to an existing  
19 manufacturing in the region, BMW. A lot of  
20 innovation there, and that kind of dovetails with  
21 the Centers of Economic Excellence, which is the  
22 last bullet point there.

23 We believe that high tech, high-tech  
24 industries and showing South Carolina as a leader  
25 of research and innovation, is going to also be key

1 -- not just having the right tax and business  
2 climate, but also having a significant focus on  
3 research and innovation -- to bringing new business  
4 and improving the knowledge economy, is the best  
5 way to put it, of South Carolina. And I'm very  
6 pleased to have been asked this week to replace  
7 Bobby Hitt on the Centers of Economic Excellence  
8 review board, so I look forward to serving in that  
9 capacity.

10 **MR. GILLESPIE:** Let me also put in one other  
11 footnote. When I mentioned the local economic  
12 development agencies, again you've got the usual  
13 suspects there, but the ones that probably -- the  
14 heroes that go unsung that I want to mention as  
15 well, those are the banks, the law firms, the  
16 engineering firms, the public relations firms that  
17 we work with and support us on a daily basis, as  
18 well. These are the folks that, at the end of the  
19 day, really make it happen, as well. They're not  
20 as well denoted as an economic development agency,  
21 but they are absolutely in the throes of battle  
22 with us. So I wanted to footnote that as well.

23 **CHAIRMAN HOWARD:** Mr. Gillespie, I believe  
24 Commissioner Wright has a question for you.

25 **VICE CHAIRMAN WRIGHT:** Just something that, in

1 my mind, is still an economic partner or  
2 development partner, potentially, but can you  
3 address the tech school program? I mean, is that  
4 a --

5 **MS. HEIGEL:** Absolutely. Technical schools  
6 are very critical to our success, because workforce  
7 development, it is -- you don't land a project if  
8 you can't convince that manufacturer, or whomever  
9 it may be, that the workforce they need is here.  
10 And so you will see in some later slides where I  
11 talk about AdvanceSC and some of the work we do  
12 through AdvanceSC, but we have a number of  
13 partnerships, as do the other utilities in this  
14 State, with our local community colleges, to make  
15 sure we have a pipeline of workers, not just for  
16 our business -- certainly that's foremost on our  
17 minds -- but also for those industries that we are  
18 trying to attract to this State.

19 **VICE CHAIRMAN WRIGHT:** It seems like to me --  
20 and I've seen some of this in the news recently,  
21 too -- that people are retraining. You know,  
22 they're leaving jobs they can't get anymore,  
23 they're just not there, and they may be my age, and  
24 they're going back to school to retrain for  
25 something else.

1                   **MR. GILLESPIE:** Exactly right.

2                   **VICE CHAIRMAN WRIGHT:** So it seems like to me  
3 that's a huge opportunity.

4                   **MR. GILLESPIE:** It is indeed. You absolutely  
5 nailed it.

6                   **MS. HEIGEL:** Yeah. And one of the things I  
7 should mention, we should have the University of  
8 South Carolina up there, as well, as an economic  
9 development partner. We gave a significant  
10 foundation gift last fall to the University to be  
11 used for research and development, as well as  
12 student scholarships, because it's in our interest  
13 as a state, again, to grow that talent here and  
14 keep it here, and so, very pleased about that.

15                   I also was asked recently by Harris Pastides  
16 to serve on a strategic initiatives committee for  
17 the University of South Carolina with a handful of  
18 other people, and one of those strategic  
19 initiatives relates to energy and a  
20 multidisciplinary approach at the university level  
21 to energy, so not just historically, engineering  
22 group over here, business school over here, and  
23 public policy somewhere in the middle, but it's how  
24 do we bring all of that together for a  
25 multidisciplinary approach to solving our energy

1 problems?

2 **VICE CHAIRMAN WRIGHT:** Thank you.

3 [Reference: PowerPoint Slides 20-21]

4 **MS. HEIGEL:** So economic development tools, we  
5 have quite a few. Many of these, you are familiar  
6 with, and some you may not be. But you all play a  
7 huge role in our success, and that is played out in  
8 bullet one, affordable rates; bullet two, economic  
9 development rider options; bullet four, AdvanceSC.  
10 Those are things that we could not be as successful  
11 as we are without the constructive regulatory  
12 environment and the -- you know, the work that you  
13 all have done, the Commission has done since our  
14 inception to help keep us and put us where we are.

15 So let's talk about affordable rates.

16 [Reference: PowerPoint Slide 22]

17 This is as of the end of 2009, so that would  
18 not reflect our rate increase that went into effect  
19 last February, so I do want to note that. But as  
20 you can see, the rates in South Carolina for Duke  
21 Energy Carolinas' customers are somewhere about 20  
22 percent lower than the national average. So that  
23 gives us an advantage over other regions of the  
24 country, right off the bat. And that's a great  
25 starting place, but it doesn't end there.

1 [Reference: PowerPoint Slide 23]

2 So what other tools do we have? We have a  
3 number of rider options, and I'm going to hand it  
4 over to Clark to talk about how he pulls these  
5 tools out to land these jobs.

6 **MR. GILLESPIE:** My apologies, these next two  
7 slides are a bit busy, and certainly I don't want  
8 to sit here and read them to you. But suffice it  
9 to say that riders make us more competitive, and  
10 that's really what it is. Most all utility  
11 companies have some form or fashion of riders that  
12 they use for projects, and at the end of the day,  
13 for a project, it can amount to a difference of  
14 several thousand dollars to several million  
15 dollars. That's one way a utility company gets  
16 their skin in the game to show that they are vested  
17 in the success of this company if they're going to  
18 locate in this particular service territory. So  
19 that's how we get our skin in the game. It also  
20 allows the company -- for instance on this one,  
21 this four-year break, if you will -- to get a good  
22 solid footing in this new territory that they're  
23 going to call home. I think the most important  
24 bullet point is really the last one, and that is  
25 this, on both this slide and on the next one, the

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

ER --

[Reference: PowerPoint Slide 24]

-- is that it is a competitive process; that it's not just jumping across the street to go to a nicer looking building or anything like that, that it is a highly competitive process. You're looking at different sites in different service territories, and in most instances different states, and even in some instances, different countries. And that's where we want these riders to be in play.

So this one, we really like because there are a number of vacant buildings out there, and this is trying to get some of those white elephants, as they're sometimes called, off the market. So this is something that the companies -- and the great thing about this one is this: You know, they talk about the speed of business, and with some companies it's amazing how much money they can make in a day or how much profit they make in a day, so when you put an incentive out there like this, this really speaks to the speed to market that a lot of companies are looking for.

[Reference: PowerPoint Slide 25]

The utility tax credit. I don't know who came

1 up with this, but it is an absolute Godsend. This  
2 is something that we pretty much max now every  
3 year, and as a footnote to this, South Carolina has  
4 it, and North Carolina does not. So at the end of  
5 the day when we lay our cards on the table, this  
6 actually gives us a leg up in South Carolina on  
7 some of the incentives that we're able to put on  
8 the table. But this really goes to offset  
9 infrastructure cost, as you can see here, but it is  
10 a fantastic tool that we use throughout the year.

11 **MS. HEIGEL:** One thing I'll add on this, this  
12 is one of those things that we looked at -- one of  
13 the things we have seen over the, I guess, recent  
14 history, recent time period, is that more and more  
15 projects are coming in looking at sites, and they  
16 have shorter timeframes for pulling the trigger and  
17 making a decision. Usually there's a fairly  
18 substantial amount of lead time when a company  
19 starts to look around and when they ultimately feel  
20 they need to pull the trigger on a project. And  
21 that, what we've seen over the last maybe year or  
22 two, perhaps as a result of the economy being down,  
23 people are waiting longer to pull the trigger on  
24 whether they should or shouldn't expand, and so  
25 when they do decide to pull the trigger, they've

1 given themselves or allowed themselves less time to  
2 actually bring that to fruition. But one of the  
3 things that we've determined is that they are  
4 wanting sites to be a bit more shovel-ready. So  
5 that may mean grading work and other things of that  
6 nature, and currently UTC dollars are not used for  
7 that purpose; they're used for infrastructure. So  
8 one of the things we're evaluating with some of our  
9 economic development partners is trying to expand  
10 the definition of what UTC dollars can be used for.  
11 Just something we're evaluating.

12 **COMMISSIONER MITCHELL:** I have a question.

13 **MS. HEIGEL:** Sure.

14 **COMMISSIONER MITCHELL:** First, I've let it get  
15 by a little bit, but I particularly thank you --  
16 thank you for being here, and thank you for the  
17 presentation. I really appreciate the large  
18 investment over in Anderson County, particularly in  
19 the Third District areas that are very rural and  
20 certainly need developing in South Carolina. I  
21 want to personally thank Duke for looking into  
22 those areas and seeing those areas developed.

23 And this might be a question that you can  
24 answer or you might not can answer. Is there any  
25 aid to specific development of any industrial parts

1 as -- particularly in rural areas that are trying  
2 to, you know, get on their feet as far as being  
3 competitive on a national level, or as far as the  
4 State level? Are there funds available for that?

5 **MR. GILLESPIY:** Yes, sir. And matter of fact,  
6 in just a few more slides, I'll be happy to get  
7 into quite a bit of detail about that.

8 **COMMISSIONER MITCHELL:** Okay. Okay. I didn't  
9 know if you were going to get --

10 **MS. HEIGEL:** We can -- you want to fast-  
11 forward to that?

12 **MR. GILLESPIY:** Well, no, it'll flange up --

13 **COMMISSIONER MITCHELL:** Because especially in  
14 these rural areas, a lot of them really just need  
15 to get on their feet, to get started and to  
16 compete, and I was sure you probably had something  
17 in that --

18 **MR. GILLESPIY:** I appreciate the question, so I  
19 look forward to --

20 **MS. HEIGEL:** Yeah.

21 **COMMISSIONER MITCHELL:** Okay.

22 **MS. HEIGEL:** We'll -- it's part of the --

23 **MR. GILLESPIY:** Yeah. That's right.

24 **MS. HEIGEL:** -- site readiness --

25 **COMMISSIONER MITCHELL:** Okay, fine.

1           **MS. HEIGEL:** It's part of the site readiness  
2 slides that Clark will touch on.

3           **COMMISSIONER MITCHELL:** Okay.

4                           [Reference: PowerPoint Slide 26]

5           **MS. HEIGEL:** AdvanceSC is something you all, I  
6 believe, are familiar with. You allowed us to  
7 continue that program as a result of the last rate  
8 case, and we appreciate that, and that is a program  
9 whereby we take 50 percent of our off-system bulk-  
10 power marketing sales and fund AdvanceSC, which is  
11 a 501(C)(3); it is a non-profit. It has an  
12 independent board of Duke Energy. Although the  
13 funding comes from our off-system sales, it's  
14 managed by the independent board.

15                   And the areas of support that are listed at  
16 the bottom: Public assistance programs. Education  
17 programs for economic development; the technical  
18 schools, heavy, heavy investments there. Economic  
19 development funding. Manufacturing competitiveness  
20 funding.

21                   The first \$500,000-or-so of the funding every  
22 year of AdvanceSC is off the top given to special  
23 assistance programs, so Share the Warmth programs,  
24 things like that.

25                           [Reference: PowerPoint Slide 27]

1           So to talk about AdvanceSC, since its  
2           inception in 2004, that program has given over \$61  
3           million. And you can see the breakout there of how  
4           it's been doled out between these four areas. So,  
5           a significant portion to manufacturing  
6           competitiveness funding. So some programs, for  
7           example, might be more energy efficient equipment  
8           that allows a mill to be more competitive, things  
9           of that nature. And education, technical college  
10          workforce training grants. And I've got some  
11          examples on the slides that we'll go through.

12           And Clark, I'll let -- you want to talk about  
13          economic development. Maybe this study that was  
14          just funded for SCMA on the automotive cluster?

15           **MR. GILLESPIE:** Yeah. And, well, as Catherine  
16          will get into, as well, these are areas that we're  
17          trying to be more competitive in the area of  
18          economic development. So there is a portion, as  
19          you can see, 23 percent of this, has gone towards  
20          making us more competitive for these very coveted  
21          projects in South Carolina.

22                           [Reference: PowerPoint Slide 28]

23           **MS. HEIGEL:** So, breaking it out, you know,  
24          education, where has that money gone? So you can  
25          see there the lion's share that's gone to the

1 technical college system. 13 percent, since 2004,  
2 to high schools. And 10 percent to colleges.

3 [Reference: PowerPoint Slide 29]

4 Public assistance allocation, you'll see most  
5 of that goes to Share the Warmth programs, and then  
6 some 22 percent, to cooling.

7 [Reference: PowerPoint Slide 30]

8 So these are just some examples of grants that  
9 were given in 2010 to maybe make it a little bit  
10 more granular, as to what exactly, what types of  
11 grant requests are we getting. And you can see  
12 there a public assistance example with the Golden  
13 Strip Emergency Relief and Resource Agency.  
14 Manufacturing Competitiveness Fund. So these are  
15 things that were granted in 2010 and, here again,  
16 on economic development --

17 [Reference: PowerPoint Slide 31]

18 -- the Laurens County Development Corporation  
19 received a \$250,000 grant to install water lines at  
20 one of their industrial parks, to help them land  
21 that ZF Transmissions project. And as we mentioned  
22 before, that was one of our major project wins for  
23 2010.

24 In education, TechReadySC. And, you know,  
25 that was a \$477,000 grant to expand their

1 mechatronics curriculum and meet specific industry  
2 needs for those types of skilled technicians.

3 So now Clark is going to brag on the Site  
4 Readiness Program and, Commissioner Mitchell,  
5 answer your questions.

6 **COMMISSIONER MITCHELL:** I think you answered  
7 it pretty quickly.

8 **MR. GILLESPIY:** Oh, but I want to tell you  
9 about it.

10 [Laughter]

11 [Reference: PowerPoint Slide 32]

12 **MR. GILLESPIY:** Well, basically, and just to  
13 back up a little bit, Catherine mentioned a term  
14 earlier, and that is "certified sites" or "shovel-  
15 ready sites." In economic development, it's all  
16 about product. You don't have product, you don't  
17 have anything to sell. And by "product," I mean  
18 not only just raw acreage, but buildings and things  
19 of that nature.

20 And one of the things that we found is a lot  
21 of property owners feel that they have available  
22 sites, that they have the next great site. You  
23 know, they have 100 acres or 1,000 acres or  
24 something like that. And so when we would all of a  
25 sudden have a project that required 100 acres,

1 we're taking them out to see this site and it's 100  
2 acres of farmland. And what we're finding is, it's  
3 100 acres of farmland. It's 100 acres of farmland  
4 that's had pesticide put in it for the last 50  
5 years. So it could be the next Superfund site and  
6 not an industrial site. Or it's 100 acre site that  
7 has absolutely no infrastructure anywhere to be  
8 seen, and just the time to get to it would preclude  
9 it from becoming an actual industrial site.

10 So we, about six years ago, started what's  
11 called a Site Readiness Program. It's not to get a  
12 site to be certified -- and by "certified," that  
13 means that if a prospect walked in the door today  
14 and said, "I need 100 acres," and it's a certified  
15 site, a 100-acre certified site, that site is good  
16 to go. It's got the infrastructure, it's under  
17 ownership, everything is there, just add water and  
18 we're good. A shovel-ready site means it's pretty  
19 much in a phase where they can start digging  
20 tomorrow; they can start laying that foundation and  
21 get going.

22 Well, to have a shovel-ready or really a  
23 certified site, costs anywhere from, say, at the  
24 low end \$50,000 to several hundred thousand dollars  
25 to actually certify a site. And it's typically

1 done by a site selection firm. Well, we don't have  
2 that kind of money to put into every phone call we  
3 get on every site that we hear about. So we  
4 started a program where we wanted to look at the  
5 sites, evaluate them, and figure out how ready are  
6 these sites. So, hence the term Site Readiness  
7 Program.

8 So for the past six years we do plus-or-minus  
9 ten sites a year, between North and South Carolina.  
10 To date, we've done just over 80 sites. We've  
11 actually also brought in a building component to  
12 that, as well. So this gives you, Commissioner  
13 Mitchell, a good snapshot of the types of projects  
14 we are currently working on for this year. As you  
15 can see, the acreage can vary enormously, the  
16 location as well.

17 When you look at the past six years, we've  
18 done basically 29 sites in South Carolina. And  
19 that's all well and good. I mean, we can put the  
20 numbers up there and we can show you the investment  
21 and what all we've done. The real story is what  
22 happens after we do the Site Readiness Program.  
23 And by that, what I mean is, of all the sites that  
24 we've evaluated, have any come to fruition? Have  
25 any been selected? Has the rubber ever met the

1 road? So when we initiated this program, we were  
2 hoping that maybe once a year or every couple of  
3 years, at least one site would be selected, because  
4 if you win one project, it's paid for the whole  
5 program, year after year after year.

6 The great thing about South Carolina is, over  
7 the past six years, we've had five successes, and  
8 let me briefly describe those to you. In Laurens  
9 County, we evaluated a site there; it's a 1380-acre  
10 site. And that was back in 2007. The next year,  
11 the same site selection consulting firm that had  
12 analyzed the site for us, McCallum-Sweeney, had a  
13 project. And they remembered that, "Wait a minute,  
14 there's this site in Laurens County that we  
15 evaluated last year for Duke Energy." They put the  
16 site into the mix and the rest is history. That  
17 was the American Titanium site, \$422 million  
18 investment, 320 jobs.

19 Moving on up the continuum, Lear, Inc., in  
20 Spartanburg County, that was a \$10.8 million  
21 investment and 140 jobs. Again, another site that  
22 we had analyzed. Haile Analytical in Anderson.  
23 That was -- excuse me, sorry. That was in  
24 Lancaster, and that was \$5 million capital  
25 investment and 35 jobs.

1                   **MS. HEIGEL:** You missed the "Lancaster" there.

2                   **MR. GILLESPIE:** Oh, sorry. It's from all those  
3 years overseas, I guess.

4                                   [Laughter]

5                   I'm working on that twang, I'm sorry. From  
6 Alabama, if you couldn't tell.

7                   But, and then Anderson, which has absolutely  
8 been a shining star for us. First Quality, \$1  
9 billion and over 1,000 jobs. That was another  
10 site. We actually -- that was the BASF site. We  
11 looked at one of the buildings over there and part  
12 of that site, because that is a huge site. So we  
13 had our fingerprints on that one, as well.

14                   And then, most recently, up in York County,  
15 PermaShrink, as well. That's \$3.3 million and 15  
16 jobs.

17                   So this is something that we're looking at,  
18 is, when we make these investments, what's the  
19 return at the end of the day, and what are we  
20 returning to our communities and to the State? And  
21 it's been a tremendous success story, so we're very  
22 proud of that.

23                   **MS. HEIGEL:** And we'll use UTC dollars on some  
24 of those sites that aren't as far along as others,  
25 to help put the infrastructure in. And you might

1 want to comment on that.

2 MR. GILLESPIE: Yeah. I mean, and part of this  
3 through the Site Readiness Program, counties send  
4 us in -- we, each year in January, we solicit their  
5 input, "Do you have any sites?" They send us their  
6 sites, and again, we try to pick ten between the  
7 two states. From that, we then start the  
8 analytical process, and we use McCallum-Sweeney,  
9 because they're the benchmark, and they run with  
10 the big projects, and that's why they are doing  
11 these. And then when we're in Anderson or York or  
12 anything, we try to use the local engineering  
13 talent to do our geotech work. So we keep it all  
14 local.

15 After the sites have been analyzed and we find  
16 "This is your analysis and this is what it's going  
17 to take to get it ready," Duke also will put in  
18 money, as far as a match, to help get them site-  
19 ready for the next project. So it's not as if it's  
20 a one-off and then we part ways. We're in it for  
21 the long haul.

22 [Reference: PowerPoint Slide 33]

23 Shareholder investments. As I already alluded  
24 to, we're putting money, or skin, in the game.  
25 This creates a level playing field. This allows

1 the company to see that we are -- you know, we are  
2 their partner in this process. And, you know, it's  
3 interesting, because incentives tend to be a  
4 flashpoint, whether you're for or against them.  
5 The way we look at it is this: To win the lottery,  
6 you at least have to buy a ticket, because 100  
7 percent of nothing is still nothing. So whether  
8 you agree with playing the lottery or not is a  
9 personal choice. But for us, when our communities  
10 and our State and others ask us, you know, "We want  
11 to win this project," we're willing to put in our  
12 shareholder dollars to help do that. And as  
13 Catherine mentioned, most of that goes for  
14 infrastructure and things of that nature. But  
15 that's where we have our skin in the game, as well.

16 [Reference: PowerPoint Slide 34]

17 Electricity 101. Well, as a former site  
18 selection consultant, I can tell you that when I  
19 was a site selection consultant I had no idea how  
20 electrons passed through a copper wire, nor did I  
21 care, but I loved to beat up the utility companies.  
22 That was just a fun day, because they walk around  
23 with targets on their back. So that's what site  
24 selection consultants like to do, you know. And so  
25 it is a game in many respects. But when I came to

1 this side of the table, I felt that, you know,  
2 that's not as fun as it used to be --

3 [Laughter]

4 -- so I've got to do something about it,  
5 because I'm tired of taking the beatings from those  
6 guys. So what we realized is this: If they don't  
7 understand how electrons pass through a copper  
8 wire, maybe they'd quit beating up on us if they  
9 did understand how, and why they're not asking us  
10 the right questions, and why for every one question  
11 they give us we give them three questions in return  
12 as an answer. And a lot of that is engineering-  
13 speak, and then you throw in a couple of lawyers on  
14 top of that, and it is a fun day.

15 So we decided, let's create a tool, a state-  
16 of-the-art tool, that will educate site selection  
17 consultants, bankers, financiers, lawyers, other  
18 engineers, those that are not really in the utility  
19 industry, as to what it is, how we actually run  
20 power to your business or to your home, why we  
21 charge what we do, and how you can be a part of  
22 that, and actually these are the questions you  
23 should be asking us. So it took almost two years  
24 to get this tool together, because as I mentioned,  
25 to get it together we had engineers and lawyers and

1 graphic designers and marketing people -- left-  
2 brained and right-brained people -- so again, it  
3 took about two years to get this established. But  
4 we rolled this out just a few years ago, it's been  
5 met with a great deal of success in that  
6 immediately the site selection firms took hold of  
7 it. They started to get it. Matter of fact, at  
8 the end of this presentation, a lot of their  
9 questions are in there. So we actually took what  
10 they wanted, what they needed, and put it into  
11 this. So it allows them to see, "Well, okay, this  
12 is the question my client needs to be asking you,  
13 and this is why your rates are what they are, and  
14 this is how you compare to the others." So --

15 **MS. HEIGEL:** And this is what service delivery  
16 your particular project will require.

17 **MR. GILLESPIE:** So let's go to the next level.

18 [Reference: PowerPoint Slide 35]

19 So this is one of the first slides. And it  
20 shows you what's going to be covered in this  
21 presentation. Now as I mentioned, we've gone out,  
22 we've taken this out of the office. We've  
23 presented it to law firms, to site selection firms.  
24 I even did a presentation to the South Carolina  
25 Department of Commerce. A number of these firms

1 have said that when they have a new hire, they then  
2 put the new hire -- give them this website and they  
3 spend the next hour or two going through it. So  
4 it's really an educational piece.

5 [Reference: PowerPoint Slide 36]

6 We tried to use some nice graphics. Actually  
7 when you click on -- let's go back. When you click  
8 on this, the bucket is empty and then it fills up.  
9 So we tried to show visually that electrons passing  
10 through a copper wire, it's a lot like water  
11 passing through a pipe: the volume and how fast it  
12 comes out the end and how much is fed in and things  
13 of this nature. So again, some nice graphics as to  
14 really how it works.

15 [Reference: PowerPoint Slide 37]

16 We really wanted to show them, well, how do we  
17 interconnect with all the others. If you look at  
18 the national grid, what does that really mean to  
19 Duke Energy? How do we connect, and how do others  
20 connect to us? So that's in there.

21 [Reference: PowerPoint Slide 38]

22 This is actually my favorite slide, because --  
23 you can't see it on this, but when you're actually  
24 in the program, as you cursor over each of these  
25 objects or pictures, it lights up. So if you

1 cursor over the nuclear facility there, it lights  
2 up, and then when you click on it, it will bring up  
3 pictures of nuclear facilities and then what sort  
4 of electricity they generate and how that is  
5 generated. It goes into details around nuclear  
6 energy.

7 Then you cursor over to one of the stanchions  
8 or one of the electric lines, the transmission  
9 lines. It'll show you pictures; this is a 500 kV  
10 line, this is a 230, this is a 100. That's what it  
11 looks like. Same thing with the tie stations, the  
12 substations. There's a school in there, there are  
13 some homes, there are a couple of businesses, and  
14 it talks about their load and how they're served.  
15 So it's really quite unique. As you cursor over  
16 each of these, it really tells you how they play  
17 into the overall picture of a utility company.

18 [Reference: PowerPoint Slide 39]

19 This is one of the next to the last slides,  
20 and we wanted folks to understand, well, this is  
21 how much electricity a hairdryer uses, or a  
22 McDonald's, or a major manufacturing facility, or a  
23 Wal-Mart distribution facility. So we wanted folks  
24 to understand this is what it means at the end of  
25 the day. This is how much electricity potentially

1 your house is using.

2 And then the last slide is really a list of  
3 questions for consultants and lawyers to give to  
4 their clients to say, you know what, in your  
5 request for a proposal, these are the questions you  
6 need to be asking the utility company, and these  
7 are the types of responses that you need to be  
8 getting. So I know we have that hot-linked to the  
9 website, but it's one that we're putting out in the  
10 marketplace.

11 Matter of fact, after we launched this, we  
12 were asked to put it out on our website, which we  
13 have, and then we were asked by the Utility  
14 Economic Development Association to put it out on  
15 their website, because they wanted it much broader  
16 across the other investor-owned utilities. So  
17 that's the Electricity 101.

18 **CHAIRMAN HOWARD:** Mr. Gillespy, while I'm  
19 thinking about it --

20 **MR. GILLESPIY:** Yes, sir.

21 **CHAIRMAN HOWARD:** -- do you need a log-in for  
22 that or can Joe Public just go in and just log in?

23 **MR. GILLESPIY:** No, you just click on it.

24 **CHAIRMAN HOWARD:** Click on it?

25 **MR. GILLESPIY:** Yes, sir.

1                   **CHAIRMAN HOWARD:** Thank you.

2                   **MR. GILLESPIE:** Thank you.

3                   **MS. HEIGEL:** So what we focused on is our  
4 success for 2010, how we've achieved that with  
5 tools that we've used, the partnerships that we  
6 have.

7                                   [Reference: PowerPoint Slides 40-41]

8                   But now I'm going to talk about, you know, the  
9 horizon. What's on the horizon. What are we  
10 targeting. Because it's not enough just to be out  
11 there; you've got to be looking ahead.

12                   **COMMISSIONER MITCHELL:** I have a question, and  
13 you might answer this also, but it came to me. And  
14 I don't know -- I work a lot on the telecom side  
15 of, you know, the things we regulate. I just  
16 wonder, when you talk about site preparation and  
17 selecting sites and developing those sites, has  
18 there been any consideration as far as partnership  
19 with other utilities, such as telecom companies?  
20 The big push, as you well know I'm sure, is the  
21 advancement of fiber-optics throughout the State,  
22 and certainly feeling that any site that had fiber-  
23 optics close, fiber-optic lines, National Broadband  
24 Plan being developed, has there been any  
25 consideration, I guess, of teaming with other

1 utilities in the State, as far as some of your  
2 projects? Has that been any consideration?  
3 Because if they're like my kids, they don't even  
4 want to come home unless they have high-tech lines  
5 so they can work on the computer, so I assume  
6 industry development would be the same way. Has  
7 there been any consideration along those lines, as  
8 far as teamwork together in developing sites?

9 **MR. GILLESPIE:** Well, that's an excellent  
10 question. And it's interesting, because I guess  
11 the short answer is this: We have teamed up on the  
12 project, and it's project-specific. And we'll talk  
13 in a moment about the data centers. For instance,  
14 right now in the data center market, it's all  
15 around the fiber-optics. And there's a perception  
16 that South Carolina maybe doesn't have as much dark  
17 fiber as a neighboring state.

18 **COMMISSIONER MITCHELL:** I think we fooled a  
19 lot of people there. If you listen to our telecom  
20 friends, they tell me how much we have. How much  
21 do we really have?

22 **MR. GILLESPIE:** Well, and that's where we need  
23 to partner up, because you'll see that's one of our  
24 target industries here. And if we're going to play  
25 in that space, we absolutely, as you mentioned, do

1 have to partner up, because coming together for or  
2 during a project is really not necessarily the best  
3 time to come together. It needs -- all this row  
4 work, you know, needs to be done ahead of time, so  
5 I think you raise an excellent point. To the  
6 extent that it's been partnered, to date, ahead of  
7 time, I really couldn't address that. From my  
8 perception, having worked in these industry  
9 sectors, it's typically -- when we become aware of  
10 how much fiber is available is through the request  
11 for proposal.

12 **COMMISSIONER MITCHELL:** And, you know, in the  
13 listing of the organizations that you've listed  
14 that contribute, you know, that's what really  
15 popped in the back of my mind, why I didn't see  
16 other utilities maybe -- I mean, or other  
17 industries, such as the telecom industry, listed  
18 there in that preparation. As we go into the  
19 future, certainly, I hope we can get joint  
20 cooperation, because we all have to work together  
21 to make anything worthwhile.

22 **MR. GILLESPIE:** I think that's an excellent  
23 point. And to your point, we're going to have to,  
24 particularly if we're going after a few of these  
25 targets that are listed here.

1                   **COMMISSIONER MITCHELL:** I would think maybe  
2 even some industries that might be all along the  
3 telecom line, that we might eventually recruit to  
4 South Carolina, would hope so, certainly we need  
5 some partnerships there. I just wanted to throw  
6 that out.

7                   **MR. GILLESPIY:** No, and even if we could put  
8 together the way that light passes through the  
9 fiber, the way the electrons pass through copper, I  
10 think that would be helpful, as well.

11                   **COMMISSIONER MITCHELL:** Absolutely.  
12 Absolutely.

13                   **MR. GILLESPIY:** So, well, let me address the  
14 target markets here. Everybody has their own  
15 target markets. Each alliance or partnership.  
16 South Carolina Department of Commerce, they have  
17 their ten targets. Everybody has their ten  
18 targets. And so, we do, as well, just like all the  
19 other utilities.

20                   Now what we're trying to make sure is that our  
21 ten targets, they're not necessarily the same ten  
22 that our partners have, or our allies, or even  
23 Department of Commerce; they're ten that are very  
24 germane to our industry. So, as you can imagine,  
25 these are heavy load factor, heavy manufacturing

1 type projects -- with the exception of data  
2 centers, which is not manufacturing but it's very  
3 heavy load.

4 As you can see on the right side of this  
5 slide, these are present in South Carolina. We  
6 have competitive advantages. And these are all  
7 industries that are in a growth mode. We actually  
8 analyze these top ten every year. And each year,  
9 one or two may roll off and other ones may roll on.  
10 But we try to make sure that all this is very  
11 targeted marketing in what we're doing and where  
12 we're spending our time. So these are our top ten  
13 that we go after. That's not to say that we don't  
14 go after anything that is not on this list, because  
15 we do. We absolutely do. But what we like to see  
16 is, at the end of the year, of these top ten where  
17 we placed our greatest amount of emphasis, how much  
18 of that actually landed in our service territory.  
19 So that's one way that we benchmark our success.

20 [Reference: PowerPoint Slide 42]

21 Well, and as we've been talking about, we have  
22 a data center initiative. As you may have heard  
23 lately, North Carolina has achieved a great deal of  
24 success in the data center market, and I have to  
25 say that was in large part due to our Business

1 Development Team. Steve Heischman, the director of  
2 our Business Development Team, he actually was way  
3 out ahead on that leading edge that I talked about.  
4 He knew about Apple when no one else knew about  
5 Apple; he knew about Facebook, American Express.  
6 There were a host of those. Matter of fact, over  
7 the past say 20 months, there were five major  
8 national data-center projects, and of those five,  
9 three landed in our service footprint. And again,  
10 a large effort due to not only our allies, but our  
11 Business Development Team and Territorial  
12 Strategies Team and Economic Development Team.

13 So we want to broaden that initiative to South  
14 Carolina, because Commissioner Mitchell, as you  
15 mentioned, it's been a best-kept secret of how much  
16 fiber is here. We also have some great sites here,  
17 and we have a lot of infrastructure here. And  
18 there's really very little reason that data centers  
19 shouldn't be here. But as Catherine mentioned,  
20 there are some legislative changes in the laws that  
21 they're going to have to -- and just real quick, as  
22 a footnote, part of what kept knocking South  
23 Carolina out of the mix for data centers is they  
24 had a minimum 100 job requirement. Well, Apple, \$1  
25 billion investment, 500,000 square feet of servers

1 under roof, they're going to have about 50  
2 employees. Most of these data centers that are in  
3 the \$1/2 billion to \$1 billion investment, they're  
4 only going to employ 35 to 50 people, or  
5 thereabouts. It's the right kind of jobs, though,  
6 21st-century, high-tech, high-wage, high-in-demand.

7 **MS. HEIGEL:** And even with fee-in-lieu,  
8 significant property tax revenue for the  
9 communities where they locate, and the possibility  
10 for call-center secondary locations to cluster  
11 around where they are, which are big jobs.

12 **MR. GILLESPIE:** Yeah. And to that point, one  
13 of the projects that just located in North  
14 Carolina, it was, I believe, put in the press that  
15 there were tax abatements. And they abated 80  
16 percent of this corporation's tax for ten years, or  
17 something like that. Well, there's, as you can  
18 imagine with incentives, you know, a bit of  
19 controversy there that, "Well, now we're only going  
20 to collect 20 percent -- 20 percent of what we  
21 could've collected." Well, I go back to the 100  
22 percent of nothing. If you didn't win the project,  
23 you would've gotten 100 percent of nothing. With  
24 that 20 percent that county's going to collect,  
25 that company will be the sixth largest taxpayer in

1           that county; and if you take out Duke Energy,  
2           because we have a few facilities in that area, that  
3           company would be the third largest taxpayer. So 20  
4           percent of something, you know, as you can see, is  
5           a dramatic effect for that county. So that's  
6           something else that we're looking at.

7                     So, moving on from the data center  
8           initiative --

9                     **MS. HEIGEL:** Well, let me just add, on the  
10          data centers -- so there are really two main things  
11          that hold South Carolina back on being able to  
12          compete on a level playing field with North  
13          Carolina. There's the minimum job requirement and  
14          then there's the sales tax on the equipment and the  
15          replacement of that equipment. And so we have --  
16          in working with our peers and with SCEDA, South  
17          Carolina Economic Development Association, we are  
18          working to try to put together a legislative fix to  
19          introduce for that.

20                    **MR. GILLESPIE:** The next point, the automotive  
21          cluster: Well, as everyone knows, the automotive  
22          industry here in South Carolina, it employs almost  
23          85,000 people. I believe from an earlier study by  
24          Moore School of Business, it's been noted that, in  
25          2008, it brought in something like \$27 billion into

1 the economy. Knowing that, knowing that that is a  
2 competitive advantage -- we do have good sites, we  
3 do have the transportation networks, we do have the  
4 labor and skill and the labor pool -- that this is  
5 something we really need to place more emphasis on,  
6 so that's something we're working on, as well.

7 And then lastly, the nuclear cluster. This is  
8 something that we're working on with New Carolina.  
9 That cluster for New Carolina, we actually have  
10 been leading the work for the past several years.  
11 Just to that point, the cluster right now has 44  
12 members and it was stated that there are \$30  
13 billion of proposed nuclear plants within two hours  
14 of Columbia -- which is just phenomenal. So again,  
15 part of the reason we're placing so much emphasis  
16 in this nuclear cluster.

17 **MS. HEIGEL:** And both SCANA and Progress are  
18 also very, very, very involved in New Carolina.

19 [Reference: PowerPoint Slide 43]

20 **MR. GILLESPIE:** Well, suffice it to say we're  
21 bullish on America. 2010 was a great year. And  
22 it's interesting, because if you look back for 12  
23 months, folks were entering into 2010 with a great  
24 deal of trepidation, what it would mean and low  
25 growth rates and things of that nature. We feel

1 we've established a great deal of momentum here --  
2 and when I say "we," it's collectively with Duke  
3 Energy and our allies -- in the efforts that we've  
4 been putting in, in economic development, as we  
5 just talked about with the Site Readiness Program  
6 and some of these other initiatives.

7 So we are hopeful and we are anticipating that  
8 2011 will be another banner year. We realize hope  
9 is not a strategy. So to counteract that, that's  
10 why we have put these initiatives into place.

11 We are excited by the new administration and  
12 working with Secretary of Commerce Bobby Hitt and  
13 his team. This is something that we feel we've  
14 done a great job, to date, and we're looking  
15 forward to carrying it forward this year, and  
16 helping Bobby and his team in whatever way that we  
17 can.

18 So with that, this is something that, again, I  
19 think if you ask any member of our team about what  
20 it looks like in 2011, with us it's a great deal of  
21 excitement around it.

22 **MS. HEIGEL:** And so I'll just close and, you  
23 know, open it up for any further questions by  
24 saying that the regulated utilities that you all  
25 oversee are very, very, very involved in what it

1 takes to grow the economy of this State. And so,  
2 therefore, the role that you all have is paramount  
3 to helping us be successful in that endeavor. We  
4 wanted to do this deep dive with you, because,  
5 quite frankly, as I came into my role, I was amazed  
6 at all that we were doing. And I wanted to make  
7 sure that we communicated that with you all.

8 **CHAIRMAN HOWARD:** Thank both of you.  
9 Commissioners, questions?

10 **COMMISSIONER MITCHELL:** I just have one final  
11 comment. I said it earlier, and I certainly  
12 appreciate it. We felt there was a lot being done,  
13 but it's so nice to have a presentation and  
14 actually see on paper and see what your outlook is  
15 for the future and the development in the future.  
16 And I just want to thank you very much. It was a  
17 great presentation.

18 **MR. GILLESPIE:** Thank you.

19 **MS. HEIGEL:** Thank you, very much.

20 **CHAIRMAN HOWARD:** Commissioner Whitfield.

21 **COMMISSIONER WHITFIELD:** Thank you, Mr.  
22 Chairman. I'd like to echo Commissioner Mitchell's  
23 remarks. I also appreciate you bringing this  
24 before us. I do have a question I'd like to kind  
25 of follow up on. I was going to ask it a little

1 earlier, but now is as good a time as any. We all  
2 know that we had the great successes in the '90s,  
3 both in rural and in metro areas here in the State,  
4 but as the 2000s got here and the latter part of  
5 the 2000s, as the economy started to slip, we --  
6 and I know the Upstate Alliance and Central SC  
7 Alliance were heavily involved and I appreciate you  
8 mentioning both of those. I know they've done a  
9 great job. But as things start to rebound, you see  
10 some of the -- and it's great with some of the  
11 announcements that you have, but you see some of  
12 the rural areas that we had big successes in the  
13 late '90s still kind of lagging behind. And I  
14 guess what my question is to you, what else are you  
15 doing or can you do for those areas? And I realize  
16 you've got AdvanceSC with the grants for  
17 infrastructure and local tech schools and the ER  
18 rider and that sort of thing, but I guess I'm maybe  
19 talking more from a marketing standpoint. What  
20 else can you do for these rural areas that are  
21 still hurting so bad for jobs and that seem to lag  
22 behind? And I know this is a national thing, not  
23 just in South Carolina, but what else are you or  
24 could you do, or can you do to help those areas?

25 **MR. GILLESPIE:** No, and I appreciate the

1 question. It's one where we are looking at the  
2 rural areas. And it's interesting, because a lot  
3 of our projects are trying to get out of the urban  
4 area. And it actually cuts both ways, because once  
5 you start getting into some of the rural areas,  
6 then they're accusing us of urban sprawl. Well,  
7 now you're going to bring all the traffic and all  
8 the other problems that are associated with that.  
9 So, you know, some of it becomes a very local  
10 issue.

11 What we are doing from the Duke Energy  
12 perspective is this: When you look at capacity on  
13 the line, available sites, and companies more or  
14 less designed to be outside of normal traffic  
15 patterns to some extent, then we can look at some  
16 of these more rural areas. We had one -- IBHS --  
17 that went over to Chester. What's interesting is  
18 when we started talking to them, they wanted to be  
19 set up behind Charlotte Douglas Airport, and now  
20 they're out in a much more rural setting, so it  
21 worked out quite well.

22 Each year, with each project, you know, they  
23 have their own project parameters. And a lot of  
24 that circumference is drawn around a major  
25 metropolitan city or an airport or school systems

1 or things of that nature. So, again, the best way  
2 that I can answer your question is, that's part of  
3 the problem we are trying to rectify, if that's the  
4 correct word, with our Site Readiness Program,  
5 because the sites that are closer in to the city,  
6 there are a host of reasons why companies are  
7 looking beyond that particular territory. So  
8 again, that's what we're helping to address through  
9 the Site Readiness Program.

10 **COMMISSIONER WHITFIELD:** And I'm also talking  
11 about new industry and also some of the old,  
12 existing buildings that you were talking about the  
13 redevelopment in, both areas.

14 **MR. GILLESPIE:** Yes, sir.

15 **COMMISSIONER WHITFIELD:** I mean, we've got a  
16 lot of buildings, as you well know, and --

17 **MR. GILLESPIE:** Well, you know, good and bad.  
18 Because that's product. But sometimes your product  
19 has a nine-foot ceiling height and a company wants  
20 a 16-foot ceiling height. So, you know, we look --  
21 and that's why we started the Building Readiness  
22 Program, because we saw a lot of those, again,  
23 those white elephants, as we call them, out there,  
24 and we want to get them off the market, or decide  
25 -- or have the community decide, "You know what,

1           it's never going to sell like this. Let's tear it  
2           down, move it off, and then we've got a good site."  
3           So, you know, that's what this program tries to  
4           address.

5           **MS. HEIGEL:** And let me mention, you know, I  
6           spent, maybe about a week and a half ago, a full  
7           day in places like Chester and Union, and there is,  
8           for example, a company -- there was a facility in  
9           -- okay, Sandy, Union City?

10          **MR. MARTIN:** Jonesville. Union County.

11          **MS. HEIGEL:** Jonesville, okay. -- in  
12          Jonesville, that was vacant. We marketed it. And  
13          a startup company came in, and they build composite  
14          flooring material that is used in places like Hard  
15          Rock Cafés and that type of thing, in the kitchens,  
16          because of the fats and the high-temperature  
17          greases tend to eat through grout on tile, so this  
18          is a special flooring material. And they were  
19          doing great, but their process, their manufacturing  
20          process was so really labor-intensive, they did not  
21          -- and they took -- they take roofing materials and  
22          they grind it up, and that's what they use to  
23          create this composite flooring. Well, they needed  
24          a machine that could grind up a lot of this roofing  
25          material that they were literally having to hand-

1 cut. And through AdvanceSC, they were able to get  
2 a grant for a machine, and they demonstrated it for  
3 me, that does just that. Increased their  
4 productivity substantially, and now they're looking  
5 at, you know, expanding, and success there at that  
6 site, and they're the biggest salesmen for that  
7 area because of what that community has done to  
8 embrace them to come into what was a vacant  
9 facility, revitalize it, now they're experiencing  
10 business success, they're telling everybody about  
11 that business success. And it grows from there.  
12 And that's in Jonesville. Very high unemployment  
13 in that area.

14 And then fast-forward over to Chester. One of  
15 the few mega-sites, certified mega-sites that we  
16 have in this State, right off of I77. And so  
17 through our marketing efforts, L&C Railroad, and  
18 others that are interested stakeholders in the  
19 success of that location, we were there -- I guess  
20 the best way to put it -- feeling the love from  
21 Duke in that regard, but a lot of work still to do.

22 **MR. GILLESPIE:** Let me also mention one other  
23 thing, and this goes back to Commissioner  
24 Mitchell's comments. And I don't mean to harp too  
25 much on the data centers, but one thing we are

1 finding about the data centers is they, in  
2 particular, want to be in more rural locations.  
3 These are heavily fortified buildings, as you might  
4 imagine, almost like bunkers. They really don't  
5 want folks to know where they are or what they're  
6 doing. Many of these, if you drive by, you  
7 wouldn't even notice them because there's a 20-foot  
8 berm around them with trees and you can't see  
9 anything beyond that.

10 So that's where we've got to start bearing up  
11 and get this fiber and infrastructure into these  
12 more rural areas to make those sites more  
13 attractive for a major industry.

14 **COMMISSIONER MITCHELL:** That accomplishes two  
15 things. That gets more fiber in those unserved  
16 areas, along with the development like you said  
17 earlier, millions of dollars to the school systems.

18 **MR. GILLESPIE:** Great match.

19 **COMMISSIONER MITCHELL:** So it's a win-win-win  
20 for everybody.

21 **MR. GILLESPIE:** Yes, sir.

22 **COMMISSIONER MITCHELL:** I appreciate you  
23 saying that.

24 **COMMISSIONER WHITFIELD:** Thank you, Ms. Heigel  
25 and Mr. Gillespie. That's exactly those type areas

1 I was referring to. Before that project, I know  
2 Chester was sitting at about 22 percent  
3 unemployment. So that's exactly where I was going  
4 with that.

5 **MS. HEIGEL:** One of the things there in  
6 Chester that's going on is the local economic  
7 development agency is going to be relocating their  
8 offices --

9 **COMMISSIONER WHITFIELD:** Out on the  
10 Interstate, aren't they?

11 **MS. HEIGEL:** -- out on the Interstate.

12 **COMMISSIONER WHITFIELD:** Yeah.

13 **MS. HEIGEL:** The Nors<sub>phonetic</sub> auto mall facility  
14 that many of you -- that's been vacant, that many  
15 of you may have seen. That's huge for them. As  
16 they bring in prospects through Charlotte Douglas  
17 Airport, and just getting off the Interstate right  
18 there, they're able to show the drive time from a  
19 major international airport to their site, and that  
20 -- we believe that that's a big deal for them and  
21 will materially help them in their efforts.

22 **COMMISSIONER WHITFIELD:** That's right. Thank  
23 you.

24 **CHAIRMAN HOWARD:** Any other questions?

25 [No response]

1           I have one. I don't why I hesitate asking it.  
2           But a site is decided between North Carolina and  
3           South Carolina. Both in Duke territory. How does  
4           that decision come about and what criteria do you  
5           use in selecting North Carolina or South Carolina?

6           **MS. HEIGEL:** Clark always looks at South  
7           Carolina first, right Clark?

8           **CHAIRMAN HOWARD:** Thank you.

9           [Laughter]

10          **MR. GILLESPIY:** I live here in South Carolina.

11          **CHAIRMAN HOWARD:** Can I quote that to some  
12          North Carolina Commissioners?

13          **MR. GILLESPIY:** If you're comfortable with  
14          that, yes, sir.

15          [Laughter]

16          **CHAIRMAN HOWARD:** No, thank you, very much.  
17          Thank both of you for your presentation. It was  
18          quite enlightening. And good luck in continuing  
19          the good work.

20          **MR. GILLESPIY:** Thank you.

21          **MS. HEIGEL:** Thank you.

22          **CHAIRMAN HOWARD:** With that, this briefing is  
23          adjourned.

24                                [WHEREUPON, at 11:20 a.m., the  
25                                proceedings in the above-entitled matter

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

were adjourned.]

---

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an allowable ex parte briefing held in the above-captioned matter before the Public Service Commission of South Carolina.

Given under my hand, this the 31st day of January, 2011.

  
\_\_\_\_\_  
Jo Elizabeth M. Wheat, CVR-CM-GNSC

ATTEST:

  
\_\_\_\_\_  
Jocelyn G. Boyd,  
CHIEF CLERK/ADMINISTRATOR