UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number	Exact name of registrant as specified in its charter	I.R.S. Employer Identification Number
001-3375	**DOMINION ENERGY SOUTH CAROLINA, INC.**	**57-0248695**

SOUTH CAROLINA
(State or other jurisdiction of incorporation or organization)

400 OTARRE PARKWAY
CAYCE, SOUTH CAROLINA **29033**
(Address of principal executive offices) *(Zip Code)*

(803) 217-9000
(Registrants' telephone number)

Securities registered pursuant to Section 12(b) of the Act:
None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☒	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. At July 30, 2021, Dominion Energy South Carolina, Inc. had outstanding 40,296,147 shares of common stock, all of which were held by SCANA Corporation, a wholly-owned subsidiary of Dominion Energy, Inc.

Dominion Energy South Carolina, Inc. meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is filing this Form 10-Q under the reduced disclosure format.

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following abbreviations or acronyms used in this Form 10-Q are defined below:

Abbreviation or Acronym	Definition
2017 Tax Reform Act	An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (previously known as The Tax Cuts and Jobs Act) enacted on December 22, 2017
ACE Rule	Affordable Clean Energy Rule
AOCI	Accumulated other comprehensive income (loss)
ARO	Asset retirement obligation
BACT	Best available control technology
CAA	Clean Air Act
CCR	Coal combustion residual
CEO	Chief Executive Officer
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, also known as Superfund
CFO	Chief Financial Officer
CO_2	Carbon dioxide
Consortium	A consortium consisting of Westinghouse and WECTEC
CUA	Capacity Use Area
CWA	Clean Water Act
DECG	Carolina Gas Transmission, LLC, (formerly known as Dominion Energy Carolina Gas Transmission, LLC), a subsidiary of Berkshire Hathaway Energy Company effective November 2020 (previously a subsidiary of Dominion Energy)
DES	Dominion Energy Services, Inc.
DESC	The legal entity, Dominion Energy South Carolina, Inc., one or more of its consolidated entities or operating segment, or the entirety of Dominion Energy South Carolina, Inc. and its consolidated entities
DESS	Dominion Energy Southeast Services, Inc.
Dominion Energy	The legal entity, Dominion Energy, Inc., one or more of its consolidated subsidiaries (other than DESC) or operating segments, or the entirety of Dominion Energy, Inc. and its consolidated subsidiaries
Dominion Energy South Carolina	Dominion Energy South Carolina operating segment
DSM	Demand-side management
ELG Rule	Effluent limitations guidelines for the steam electric power generating category
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
FILOT	Fee in lieu of taxes
Fuel Company	South Carolina Fuel Company, Inc.
GAAP	U.S. generally accepted accounting principles
GENCO	South Carolina Generating Company, Inc.
GHG	Greenhouse gas
IAA	Interim Assessment Agreement dated March 28, 2017, as amended, among DESC, Santee Cooper, Westinghouse and WECTEC
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MGD	Million gallons a day
MGP	Manufactured gas plant
NND Project	V. C. Summer Units 2 and 3 nuclear development project under which DESC and Santee Cooper undertook to construct two Westinghouse AP1000 Advanced Passive Safety nuclear units in Jenkinsville, South Carolina
NO_x	Nitrogen oxide
Order 1000	Order issued by FERC adopting requirements for electric transmission planning, cost allocation and development
PGA	Purchased gas adjustment
PSD	Prevention of significant deterioration

Abbreviation or Acronym	Definition
Questar Gas	Questar Gas Company, a wholly-owned subsidiary of Dominion Energy
Reorganization Plan	Modified Second Amended Joint Chapter 11 Plan of Reorganization, filed by Westinghouse
RICO	Racketeer Influenced and Corrupt Organizations Act
ROE	Return on equity
RSA	Natural Gas Rate Stabilization Act
Santee Cooper	South Carolina Public Service Authority
SCANA	The legal entity, SCANA Corporation, one or more of its consolidated subsidiaries (other than DESC) or the entirety of SCANA Corporation and its consolidated subsidiaries
SCANA Combination	Dominion Energy's acquisition of SCANA completed on January 1, 2019 pursuant to the terms of the SCANA Merger Agreement
SCANA Merger Agreement	Agreement and plan of merger entered on January 2, 2018 between Dominion Energy and SCANA
SCANA Merger Approval Order	Final order issued by the South Carolina Commission on December 21, 2018 setting forth its approval of the SCANA Combination
SCDHEC	South Carolina Department of Health and Environmental Control
SCDOR	South Carolina Department of Revenue
SEC	U.S. Securities and Exchange Commission
SO_2	Sulfur dioxide
South Carolina Commission	Public Service Commission of South Carolina
Summer	V. C. Summer nuclear power station
Toshiba	Toshiba Corporation, parent company of Westinghouse
Toshiba Settlement	Settlement Agreement dated as of July 27, 2017, by and among Toshiba, DESC and Santee Cooper
VIE	Variable interest entity
Virginia Power	The legal entity, Virginia Electric and Power Company, a wholly-owned subsidiary of Dominion Energy, one or more of its consolidated subsidiaries or operating segment, or the entirety of Virginia Electric and Power Company and its consolidated subsidiaries
WECTEC	WECTEC Global Project Services, Inc., a wholly-owned subsidiary of Westinghouse
Westinghouse	Westinghouse Electric Company LLC
Westinghouse Subcontractors	Subcontractors and suppliers to the Consortium

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dominion Energy South Carolina, Inc.
Consolidated Balance Sheets
(Unaudited)

(millions)	June 30, 2021	December 31, 2020
ASSETS		
Utility plant in service	**$ 13,939**	$ 13,680
Accumulated depreciation and amortization	**(5,124)**	(5,027)
Construction work in progress	**479**	460
Nuclear fuel, net of accumulated amortization	**217**	221
Utility plant, net ($727 and $730 related to VIEs)	**9,511**	9,334
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation	**37**	39
Assets held in trust, nuclear decommissioning	**247**	238
Nonutility property and investments, net	**284**	277
Current Assets:		
Cash and cash equivalents	**22**	5
Receivables:		
Customer, net of allowance for uncollectible accounts of $4 and $10	**324**	365
Affiliated and related party	**3**	16
Other	**76**	64
Inventories (at average cost):		
Fuel	**73**	68
Gas stored	**14**	14
Materials and supplies	**175**	176
Prepayments	**107**	75
Regulatory assets	**212**	229
Other current assets	**26**	27
Total current assets ($95 and $103 related to VIEs)	**1,032**	1,039
Deferred Debits and Other Assets:		
Regulatory assets	**3,460**	3,726
Other	**123**	103
Total deferred debits and other assets ($36 and $35 related to VIEs)	**3,583**	3,829
Total assets	**$ 14,410**	$ 14,479

See Notes to Consolidated Financial Statements.

Dominion Energy South Carolina, Inc.
Consolidated Balance Sheets—(Continued)
(Unaudited)

(millions)	June 30, 2021	December 31, 2020
CAPITALIZATION AND LIABILITIES		
Common Stock - no par value, 40.3 million shares outstanding	**$ 4,017**	$ 4,017
Retained earnings	**122**	277
Accumulated other comprehensive loss	**(2)**	(2)
Total common equity	**4,137**	4,292
Noncontrolling interest	**171**	192
Total equity	**4,308**	4,484
Long-term debt, net	**3,327**	3,327
Affiliated long-term debt	**230**	230
Finance leases	**13**	15
Total long-term debt	**3,570**	3,572
Total capitalization	**7,878**	8,056
Current Liabilities:		
Short-term borrowings	**60**	—
Securities due within one year	**39**	39
Accounts payable	**183**	178
Affiliated and related party payables	**578**	457
Customer deposits and customer prepayments	**70**	70
Taxes accrued	**116**	215
Interest accrued	**97**	95
Regulatory liabilities	**285**	283
Reserves for litigation and regulatory proceedings	**278**	208
Other	**111**	40
Total current liabilities	**1,817**	1,585
Deferred Credits and Other Liabilities:		
Deferred income taxes and investment tax credits	**806**	858
Asset retirement obligations	**610**	597
Pension and other postretirement benefits	**175**	172
Regulatory liabilities	**2,901**	3,005
Affiliated liabilities	**—**	13
Other	**223**	193
Total deferred credits and other liabilities	**4,715**	4,838
Commitments and Contingencies (see Note 10)		
Total capitalization and liabilities	**$ 14,410**	$ 14,479

See Notes to Consolidated Financial Statements.

Dominion Energy South Carolina, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(millions)	**2021**	2020	**2021**	2020
Operating Revenue(1)	**$ 692**	$ 624	**$ 1,436**	$ 1,296
Operating Expenses:				
Fuel used in electric generation(1)	**120**	95	**252**	199
Purchased power(1)	**27**	25	**43**	38
Gas purchased for resale(1)	**50**	34	**131**	91
Other operations and maintenance	**117**	93	**216**	183
Other operations and maintenance - affiliated suppliers	**47**	50	**100**	105
Impairment of assets and other charges	**259**	—	**319**	2
Depreciation and amortization	**119**	118	**240**	236
Other taxes(1)	**62**	65	**127**	127
Total operating expenses	**801**	480	**1,428**	981
Operating income (loss)	**(109)**	144	**8**	315
Other income (expense), net	**(12)**	2	**(6)**	5
Interest charges, net of allowance for borrowed funds used during construction of $1, $1, $2 and $3(2)	**54**	58	**109**	116
Income (loss) before income tax expense	**(175)**	88	**(107)**	204
Income tax expense (benefit)	**(49)**	21	**(36)**	44
Net Income (Loss) and Other Comprehensive Income (Loss)	**(126)**	67	**(71)**	160
Comprehensive Income (Loss) Attributable to Noncontrolling Interest	**5**	(2)	**9**	3
Comprehensive Income (Loss) Available to Common Shareholder	**$ (131)**	$ 69	**$ (80)**	$ 157

(1) See Note 12 for amounts attributable to affiliates.
(2) See Note 5 for amounts attributable to affiliates.

See Notes to Consolidated Financial Statements.

Dominion Energy South Carolina, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(millions)	Six Months Ended June 30, 2021	2020
Operating Activities		
Net income (loss)	**$ (71)**	$ 160
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Impairment of assets and other charges	**319**	2
Deferred income taxes, net	**(52)**	61
Depreciation and amortization	**240**	236
Amortization of nuclear fuel	**20**	21
Other adjustments	**6**	15
Changes in certain assets and liabilities:		
Receivables	**21**	(31)
Receivables - affiliated and related party	**(2)**	5
Inventories	**(4)**	(3)
Prepayments	**(38)**	(30)
Pension and other postretirement benefits	**3**	(3)
Regulatory assets	**(51)**	3
Regulatory liabilities	**(108)**	(111)
Accounts payable	**81**	(35)
Accounts payable - affiliated and related party	**(66)**	4
Taxes accrued	**(99)**	(97)
Interest accrued	**2**	3
Other assets and liabilities	**78**	(12)
Net cash provided by operating activities	**279**	188
Investing Activities		
Property additions and construction expenditures	**(415)**	(330)
Proceeds from investments and sales of assets	**6**	5
Purchase of investments	**(7)**	(5)
Purchase of investments - affiliated	**(1)**	(1)
Short-term investments - affiliated	**15**	9
Net cash used in investing activities	**(402)**	(322)
Financing Activities		
Dividend to parent	**(105)**	—
Short-term borrowings, net	**60**	—
Short-term borrowings - affiliated, net	**187**	141
Other	**(2)**	(4)
Net cash provided by financing activities	**140**	137
Net increase in cash, restricted cash and equivalents	**17**	3
Cash, restricted cash and equivalents at beginning of period(1)	**5**	4
Cash, restricted cash and equivalents at end of period(1)	**$ 22**	$ 7
Supplemental Cash Flow Information		
Significant noncash investing and financing activities:		
Accrued construction expenditures	**$ 27**	$ 41
Leases(2)	**—**	2

(1) At June 30, 2021, June 30, 2020, December 31, 2020 and December 31, 2019 there were no restricted cash and equivalent balances.
(2) Includes $2 million of financing leases for the six months ended June 30, 2020.

See Notes to Consolidated Financial Statements.

Dominion Energy South Carolina, Inc.
Consolidated Statements of Changes in Common Equity
(Unaudited)

Quarter-To-Date

	Common Stock					
(millions)	Shares	Amount	Retained Earnings	AOCI	Noncontrolling Interest	Total Equity
March 31, 2020	40	$ 3,695	$ 108	$ (3)	$ 185	$ 3,985
Total comprehensive income (loss) available (attributable) to common shareholder			69		(2)	67
June 30, 2020	40	$ 3,695	$ 177	$ (3)	$ 183	$ 4,052
March 31, 2021	40	$ 4,017	$ 253	$ (2)	$ 196	$ 4,464
Total comprehensive income (loss) available (attributable) to common shareholder			**(131)**		**5**	**(126)**
Dividend to parent					**(30)**	**(30)**
June 30, 2021	**40**	**$ 4,017**	**$ 122**	**$ (2)**	**$ 171**	**$ 4,308**

Year-To-Date

	Common Stock					
(millions)	Shares	Amount	Retained Earnings	AOCI	Noncontrolling Interest	Total Equity
December 31, 2019	40	$ 3,695	$ 20	$ (3)	$ 180	$ 3,892
Total comprehensive income available to common shareholder			157		3	160
June 30, 2020	40	$ 3,695	$ 177	$ (3)	$ 183	$ 4,052
December 31, 2020	40	$ 4,017	$ 277	$ (2)	$ 192	$ 4,484
Total comprehensive income (loss) available (attributable) to common shareholder			**(80)**		**9**	**(71)**
Dividend to parent			**(75)**		**(30)**	**(105)**
June 30, 2021	**40**	**$ 4,017**	**$ 122**	**$ (2)**	**$ 171**	**$ 4,308**

See Notes to Consolidated Financial Statements.

Dominion Energy South Carolina, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

These are interim financial statements and, due to the seasonality of DESC's business and matters that may occur during the rest of the year, the amounts reported in the Consolidated Statements of Comprehensive Income (Loss) are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments which are necessary for a fair statement of the results for the interim periods reported, and such adjustments are of a normal recurring nature. In addition, the preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain amounts in DESC's 2020 Consolidated Financial Statements and Notes have been reclassified to conform to the 2021 presentation for comparative purposes; however, such reclassifications did not affect DESC's net income (loss) and other comprehensive income (loss), total assets, liabilities, equity or cash flows. Effective in the second quarter of 2021, DESC updated its Statements of Cash Flows to present net charges for allowance for credit risk and write-offs of accounts receivables within other adjustments to reconcile net income (loss) to net cash provided by operating activities from the previous presentation within changes in accounts receivable. All prior period information has been conformed to this presentation, which does not result in a change to net cash provided by operating activities.

DESC is a wholly-owned subsidiary of SCANA, which is a wholly-owned subsidiary of Dominion Energy.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation and Variable Interest Entities

DESC has determined that it has a controlling financial interest in each of GENCO and Fuel Company (which are considered to be VIEs) and, accordingly, DESC's Consolidated Financial Statements include, after eliminating intercompany balances and transactions, the accounts of DESC, GENCO and Fuel Company. See Note 2 to the Consolidated Financial Statements included in DESC’s Annual Report on Form 10-K for the year ended December 31, 2020 for a description of GENCO and Fuel Company.

Effective January 2021, DESC purchases shared services from DES, an affiliated VIE that provides accounting, legal, finance and certain administrative and technical services to all Dominion Energy subsidiaries, including DESC. DESC had previously purchased such services from DESS, an affiliated VIE, that had provided such services to all SCANA subsidiaries. DESC has determined that it is not the primary beneficiary of DES as it does not have either the power to direct the activities that most significantly impact its economic performance or an obligation to absorb losses and benefits which could be significant to it. See Note 12 for amounts attributable to affiliates.

Significant Accounting Policies

There have been no significant changes from Note 2 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

2. RATE AND OTHER REGULATORY MATTERS

Regulatory Matters Involving Potential Loss Contingencies

As a result of issues generated in the ordinary course of business, DESC is involved in various regulatory matters. Certain regulatory matters may ultimately result in a loss; however, as such matters are in an initial procedural phase, involve uncertainty as to the outcome of pending reviews or orders, and/or involve significant factual issues that need to be resolved, it is not possible for DESC to estimate a range of possible loss. For regulatory matters that DESC cannot estimate, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the regulatory process such that DESC is able to estimate a range of possible loss. For regulatory matters that DESC is able to reasonably estimate a range of possible losses, an estimated range of possible loss is provided, in excess of the accrued liability (if any) for such matters. Any estimated range is based on currently available information, involves elements of judgment and significant uncertainties and may not represent DESC’s maximum possible loss exposure. The circumstances of such regulatory matters will change from time to time and actual results may vary significantly from the current estimate. For current matters not specifically reported below, management does not anticipate that the outcome from such matters would have a material effect on DESC’s financial position, liquidity or results of operations.

Other Regulatory Matters

Other than the following matters, there have been no significant developments regarding the pending regulatory matters disclosed in Note 3 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

South Carolina Electric Base Rate Case

In August 2020, DESC filed its retail electric base rate case and schedules with the South Carolina Commission. DESC proposed a non-fuel, base rate increase of $178 million, or 7.75%, based on an adjusted test year data, effective on or after the first billing cycle of March 2021. The base rate increase was proposed to recover the significant investment in assets and operating resources required to serve an expanding customer base, maintain the safety, reliability and efficiency of DESC's system and meet increasingly stringent reliability, security and environmental requirements for the benefit of South Carolina customers. DESC presented an earned ROE of 5.90% based upon a fully-adjusted test period. The proposed rates would provide for an earned ROE equal to the current authorized earned ROE of 10.25% established in the previous rate case in 2012. In January 2021, the South Carolina Commission approved a proposal made by the South Carolina Office of Regulatory Staff, and agreed to by DESC and other intervenors, to stay the base rate case due to the current economic conditions and to allow the parties more time to negotiate a settlement with a final order to be issued no later than August 2021.

In July 2021, DESC, the South Carolina Office of Regulatory Staff and other parties of record filed a comprehensive settlement agreement with the South Carolina Commission for approval. The comprehensive settlement agreement provides for a non-fuel, base rate increase of $62 million (resulting in a net increase of $36 million after considering an accelerated amortization of certain excess deferred income taxes) commencing with bills issued on September 1, 2021 and an authorized earned ROE of 9.50%. Additionally, DESC has agreed to commit up to $15 million to forgive retail electric customer balances that were more than 60 days past due as of May 31, 2021, and provide $15 million for energy efficiency upgrades and critical health and safety repairs to customer homes. Pursuant to the comprehensive settlement agreement, DESC would not file a retail electric base rate case prior to July 1, 2023, such that new rates would not be effective prior to January 1, 2024, absent unforeseen extraordinary economic or financial conditions that may include changes in corporate tax rates. In July 2021, the South Carolina Commission voted to approve the comprehensive settlement agreement with a final order expected to be issued in August 2021.

In connection with this matter, DESC recorded charges for both the three and six months ended June 30, 2021, of $249 million ($187 million after-tax) reflected within impairment of assets and other charges, including $237 million of regulatory assets associated with DESC's purchases of its first mortgage bonds during 2019 that are no longer probable of recovery under the settlement agreement, and $18 million ($14 million after-tax) reflected within other income in its Consolidated Statements of Income.

Electric – Cost of Fuel

DESC's retail electric rates include a cost of fuel component approved by the South Carolina Commission which may be adjusted periodically to reflect changes in the price of fuel purchased by DESC. In February 2021, DESC filed a proposal with the South Carolina Commission to increase the total fuel cost component of retail electric rates. DESC's proposed adjustment would increase annual base fuel component recoveries by $36 million and is designed to recover DESC's current base fuel costs, net of the existing over-collected balance, over the 12-month period beginning with the first billing cycle of May 2021. In addition, DESC proposed a decrease to its variable environmental component and an increase to its distributed energy resource components. In April 2021, the South Carolina Commission approved the filing.

Electric – Other

DESC has approval for a DSM rider through which it recovers expenditures related to its DSM programs. In January 2021, DESC filed an application with the South Carolina Commission seeking approval to recover $48 million of costs and net lost revenues associated with these programs, along with an incentive to invest in such programs. In April 2021, the South Carolina Commission approved the filing. In connection with the approval of the comprehensive settlement agreement in the South Carolina base rate case discussed above, the net lost revenue component of the DSM rider will be adjusted resulting in a recovery of $43 million commencing with bills issued on September 1, 2021.

DESC utilizes a pension costs rider approved by the South Carolina Commission which is designed to allow recovery of projected pension costs, including under-collected balances or net of over-collected balances, as applicable. The rider is typically reviewed for adjustment every 12 months with any resulting increase or decrease going into effect beginning with the first billing cycle in May. In February 2021, DESC requested that the South Carolina Commission approve an adjustment to this rider to decrease annual revenue by less than $1 million. In April 2021, the South Carolina Commission approved the filing.

Natural Gas Rates

In June 2021, DESC filed with the South Carolina Commission its monitoring report for the 12-month period ended March 31, 2021 with a total revenue requirement of $426 million. This represents a $9 million overall annual increase to its natural gas rates under the terms of the RSA effective with the first billing cycle of November 2021. This matter is pending.

DESC's natural gas tariffs include a PGA that provides for the recovery of actual gas costs incurred, including transportation costs. DESC's gas rates are calculated using a methodology which may adjust the cost of gas monthly based on a 12-month rolling average, and its gas purchasing policies and practices are reviewed annually by the South Carolina Commission.

Regulatory Assets and Regulatory Liabilities

Rate-regulated utilities recognize in their financial statements certain revenues and expenses in different periods than do other enterprises. As a result, DESC has recorded regulatory assets and regulatory liabilities which are summarized in the following table. Except for NND Project costs and certain other unrecovered plant costs, substantially all regulatory assets are either explicitly excluded from rate base or are effectively excluded from rate base due to their being offset by related liabilities.

(millions)		**June 30, 2021**		December 31, 2020
Regulatory assets:				
NND Project costs(1)	**$**	**138**	$	138
Deferred employee benefit plan costs(2)		**8**		9
Other unrecovered plant(3)		**15**		14
DSM programs(4)		**23**		29
AROs(5)		**2**		2
Cost of fuel and purchased gas under-collections(6)		**—**		1
Other		**26**		36
Regulatory assets - current		**212**		229
NND Project costs(1)		**2,295**		2,364
AROs(5)		**311**		309
Cost of reacquired debt(7)		**11**		243
Deferred employee benefit plan costs(2)		**156**		159
Deferred losses on interest rate derivatives(8)		**300**		308
Other unrecovered plant(3)		**59**		61
DSM programs(4)		**46**		46
Environmental remediation costs(9)		**20**		20
Deferred storm damage costs(10)		**45**		45
Deferred transmission operating costs(11)		**76**		63
Other(12)		**141**		108
Regulatory assets - noncurrent		**3,460**		3,726
Total regulatory assets	**$**	**3,672**	$	3,955
Regulatory liabilities:				
Monetization of guaranty settlement(13)	**$**	**67**	$	67
Income taxes refundable through future rates(14)		**36**		21
Reserve for refunds to electric utility customers(15)		**123**		128
Cost of fuel and purchased gas over-collections(6)		**38**		58
Other		**21**		9
Regulatory liabilities - current		**285**		283
Monetization of guaranty settlement(13)		**869**		903
Income taxes refundable through future rates(14)		**893**		919
Asset removal costs(16)		**572**		564
Deferred gains on interest rate derivatives(8)		**68**		69
Reserve for refunds to electric utility customers(15)		**475**		540
Other		**24**		10
Regulatory liabilities - noncurrent		**2,901**		3,005
Total regulatory liabilities	**$**	**3,186**	$	3,288

(1) Reflects expenditures associated with the NND Project, which pursuant to the SCANA Merger Approval Order, will be recovered from electric service customers over a 20-year period ending in 2039. See Note 10 for more information.

(2) Employee benefit plan costs have historically been recovered as they have been recorded under GAAP. Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities and treated as regulatory assets pursuant to FERC guidance, and costs deferred pursuant to specific South Carolina Commission regulatory orders. DESC expects to recover deferred pension costs through utility rates over periods through 2044. DESC expects to recover other deferred benefit costs through utility rates, primarily over average service periods of participating employees up to 11 years.

(3) Represents the carrying value of coal-fired generating units, including related materials and supplies inventory, retired from service prior to being fully depreciated. DESC is amortizing these amounts through cost of service rates following deprecation amounts that were designed to recover the retired units' cost over their previous estimated remaining useful lives, which has been estimated to be through 2025. Based on

current projections of remaining decommissioning costs, projected recovery is expected to extend to 2028. Unamortized amounts are included in rate base and are earning a current return.

(4) Represents deferred costs associated with electric demand reduction programs, and such deferred costs are currently being recovered over three years through an approved rate rider.

(5) Represents deferred depreciation and accretion expense related to legal obligations associated with the future retirement of generation, transmission and distribution properties. The AROs primarily relate to DESC's electric generating facilities, including Summer, and are expected to be recovered over the related property lives and periods of decommissioning which may range up to approximately 105 years.

(6) Represents amounts under- or over-collected from customers pursuant to the cost of fuel and purchased gas components approved by the South Carolina Commission.

(7) During the second quarter of 2021, DESC recorded a charge of $237 million ($178 million after-tax) in impairment of assets and other charges to write-off the balance of a regulatory asset that is no longer probable of recovery under the settlement agreement approved in DESC's retail electric base rate case. See South Carolina Electric Base Rate Case discussed above for more information.

(8) Represents (i) the changes in fair value and payments made or received upon settlement of certain interest rate derivatives designated as cash flow hedges and (ii) the changes in fair value and payments made or received upon settlement of certain other interest rate derivatives not so designated. The amounts recorded with respect to (i) are expected to be amortized to interest expense over the lives of the underlying debt through 2043.The amounts recorded with respect to (ii) are expected to be similarly amortized to interest expense through 2065.

(9) Reflects amounts associated with the assessment and clean-up of sites currently or formerly owned by DESC. Such remediation costs are expected to be recovered over periods of up to 15 years. See Note 10 for more information.

(10) Represents storm restoration costs for which DESC expects to recover through customer rates over approximately 10 years pursuant to the settlement agreement approved in DESC's retail electric base rate case.

(11) Includes deferred depreciation and property taxes associated with certain transmission assets for which DESC expects to recover from customers over approximately 40 years pursuant to the settlement agreement approved in DESC's retail electric base rate case.

(12) Various other regulatory assets are expected to be recovered through rates over varying periods through 2047.

(13) Represents proceeds related to the monetization of the Toshiba Settlement. In accordance with the SCANA Merger Approval Order, this balance, net of amounts that may be required to satisfy liens, will be refunded to electric customers over a 20-year period ending in 2039. See Note 12 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

(14) Includes (i) excess deferred income taxes arising from the remeasurement of deferred income taxes in connection with the enactment of the 2017 Tax Reform Act (certain of which are protected under normalization rules and will be amortized over the remaining lives of related property, and certain of which will be amortized to the benefit of customers over prescribed periods as instructed by regulators) and (ii) deferred income taxes arising from investment tax credits, offset by (iii) deferred income taxes that arise from utility operations that have not been included in customer rates (a portion of which relate to depreciation and are expected to be recovered over the remaining lives of the related property which may range up to 85 years). See Note 6 for more information.

(15) Reflects amounts previously collected from retail electric customers of DESC for the NND Project to be credited to customers over an estimated 11-year period effective February 2019 in connection with the SCANA Merger Approval Order. See Note 12 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

(16) Represents estimated net collections through depreciation rates of amounts to be expended for the removal of assets in the future.

Regulatory assets have been recorded based on the probability of their recovery. All regulatory assets represent incurred costs that may be deferred under GAAP for regulated operations. The South Carolina Commission or FERC has reviewed and approved through specific orders certain of the items shown as regulatory assets. In addition, regulatory assets include, but are not limited to, certain costs which have not been specifically approved for recovery by one of these regulatory agencies. While such costs are not currently being recovered, management believes they would be allowable under existing rate-making concepts embodied in rate orders or applicable state law and expects to recover these costs through rates in future periods.

3. REVENUE RECOGNITION

DESC has disaggregated operating revenues by customer class as follows:

	Three Months Ended June 30, 2021		Three Months Ended June 30, 2020		**Six Months Ended June 30, 2021**		Six Months Ended June 30, 2020	
(millions)	Electric	Gas	Electric	Gas	Electric	Gas	Electric	Gas
Customer class:								
Residential	**$ 271**	**$ 38**	$ 261	$ 33	**$ 546**	**$ 136**	$ 513	$ 112
Commercial	**199**	**26**	177	20	**374**	**65**	352	53
Industrial	**95**	**18**	83	12	**183**	**40**	163	29
Other	**38**	**7**	27	4	**71**	**12**	57	8
Revenues from contracts with customers	**603**	**89**	548	69	**1,174**	**253**	1,085	202
Other revenues	**—**	**—**	7	—	**8**	**1**	9	—
Total Operating Revenues	**$ 603**	**$ 89**	$ 555	$ 69	**$ 1,182**	**$ 254**	$ 1,094	$ 202

Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has already been received from the customer. DESC had contract liability balances of $7 million and $5 million at June 30, 2021 and December 31, 2020, respectively. During the six months ended June 30, 2021 and 2020, DESC recognized revenue of $3 million and $5 million, respectively, from the beginning contract liability balances as DESC fulfilled its obligations to provide service to its customers. Contract liabilities are recorded in customer deposits and customer prepayments in the Consolidated Balance Sheets.

4. EQUITY

For all periods presented, DESC's authorized shares of common stock, no par value, were 50 million, of which 40.3 million were issued and outstanding, and DESC's authorized shares of preferred stock, no par value, were 20 million, of which 1,000 shares were issued and outstanding. All outstanding shares of common and preferred stock are held by SCANA.

In July 2021, Dominion Energy issued $104 million of shares of Dominion Energy common stock to satisfy DESC’s obligation under a settlement agreement for the FILOT litigation discussed in Note 10. In August 2021, Dominion Energy issued $45 million of shares of Dominion Energy common stock to satisfy DESC’s obligation for the initial payment under a settlement agreement with the SCDOR discussed in Note 10. In connection with these transactions, DESC will record equity contributions from Dominion Energy in the third quarter of 2021.

There have been no material changes to the dividend restrictions affecting DESC described in Note 5 to the Consolidated Financial Statements in DESC’s Annual Report on Form 10-K for the year ended December 31, 2020.

5. LONG-TERM AND SHORT-TERM DEBT

DESC's short-term financing is supported through its access as co-borrower to Dominion Energy’s $6.0 billion joint revolving credit facility, as amended in June 2021. The facility can be used for working capital, as support for the combined commercial paper programs of DESC, Dominion Energy, Virginia Power and Questar Gas, and for other general corporate purposes.

At June 30, 2021, DESC's share of commercial paper and letters of credit outstanding under its joint credit facility with Dominion Energy, was as follows:

(millions)	Facility Limit	Outstanding Commercial Paper	Outstanding Letters of Credit
Joint revolving credit facility(1)	$ 1,000	$ 60	$ —

(1) A maximum of $1.0 billion of the facility is available to DESC, assuming adequate capacity is available after giving effect to uses by co-borrowers Dominion Energy, Virginia Power and Questar Gas. The sub-limit for DESC is set within the facility limit but can be changed at the option of the co-borrowers multiple times per year. At June 30, 2021, the sub-limit for DESC was $500 million. If DESC has liquidity needs in excess of its sub-limit, the sub-limit may be changed or such needs may be satisfied through short-term intercompany borrowings from DESC's parent or from Dominion Energy. This credit facility matures in June 2026, with the potential to be extended by the borrowers to June 2028. The credit facility can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to $1.0 billion (or the sub-limit, whichever is less) of letters of credit.

In January 2021, DESC and GENCO each applied to FERC for a two-year short-term borrowing authorization. In March 2021, FERC granted DESC authority through March 2023 to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act) in amounts not to exceed $2.2 billion outstanding with maturity dates of one year or less. In addition, in March 2021, FERC granted GENCO authority through March 2023 to issue short-term indebtedness not to exceed $200 million outstanding with maturity dates of one year or less.

DESC is obligated with respect to an aggregate of $68 million of industrial revenue bonds which are secured by letters of credit. These letters of credit expire, subject to renewal, in the fourth quarter of 2021.

In July 2021, DESC redeemed the remaining principal outstanding of $30 million of its 3.22% first mortgage bonds, plus accrued interest. The bonds would have otherwise matured in October 2021.

DESC has FERC approval to enter into an inter-company credit agreement with Dominion Energy under which DESC may have short-term borrowings outstanding up to $900 million. At June 30, 2021 and December 31, 2020, DESC had borrowings outstanding under this credit agreement totaling $542 million and $149 million, respectively, which are recorded in affiliated and related party payables in DESC’s Consolidated Balance Sheets. For the three and six months ended June 30, 2021, DESC recorded interest charges of $2 million and $4 million, respectively. For the three and six months ended June 30, 2020, DESC recorded interest charges of $3 million and $5 million, respectively.

Fuel Company and GENCO participated in a SCANA utility money pool until January 2021, when that utility money pool was closed, and Fuel Company and GENCO joined the Dominion Energy utility money pool with other regulated subsidiaries of Dominion Energy. Money pool borrowings and investments bore interest at short-term market rates. For the six months ended June 30, 2021, DESC recorded interest income from money pool transactions of less than $1 million, and for the same period DESC recorded interest expense from money pool transactions of less than $1 million. For the three and six months ended June 30, 2020, DESC recorded interest income from money pool transactions of $1 million and $2 million, respectively, and for the same periods DESC recorded interest expense from money pool transactions $1 million and $2 million, respectively. At December 31, 2020, DESC had outstanding money pool borrowings due to an affiliate of $206 million and investments due from an affiliate of $15 million. On its Consolidated Balance Sheet, DESC includes money pool borrowings within affiliated and related party payables and money pool investments within affiliated and related party receivables.

6. INCOME TAXES

DESC’s effective tax rate for the six months ended June 30, 2021 is 33.6% compared to 21.5% for the six months ended June 30, 2020. DESC’s effective tax rate for the six months ended June 30, 2021 is primarily attributable to loss before income tax resulting from charges in connection with the comprehensive settlement agreement discussed in Note 2.

DESC has recorded an estimate of excess deferred income tax amortization in 2021. The reversal of these excess deferred income taxes will impact the effective tax rate and rates charged to customers. See Note 3 to the Consolidated Financial Statements in DESC’s Annual Report on Form 10-K for the year ended December 31, 2020 for more information.

As of June 30, 2021, there have been no material changes in DESC’s unrecognized tax benefits. See Note 7 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020 for a discussion of these unrecognized tax benefits.

7. DERIVATIVE FINANCIAL INSTRUMENTS

DESC’s accounting policies, objectives, and strategies for using derivative instruments are discussed in Note 2 in the Consolidated Financial Statements in DESC’s Annual Report on Form 10-K for the year ended December 31, 2020. DESC uses derivative instruments such as physical forwards to manage its commodity risk of its business operations. See Note 8 for further information about fair value measurements and associated valuation methods for derivatives.

Derivative assets and liabilities are presented gross on the Consolidated Balance Sheets. DESC’s derivative contracts include over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contracts contain contractual rights of setoff through master netting arrangements and contract default provisions. In addition, the contracts are subject to conditional rights of setoff through counterparty nonperformance, insolvency or other conditions.

In general, most over-the-counter transactions are subject to collateral requirements. Types of collateral for over-the-counter contracts include cash, letters of credit and, in some cases, other forms of security, none of which are subject to restrictions. Cash collateral, as presented in the table below, is used to offset derivative assets and liabilities.

Certain of DESC’s derivative instruments contain credit-related contingent provisions. These provisions require DESC to provide collateral upon the occurrence of specific events, primarily a credit rating downgrade. If the credit-related contingent features underlying the instruments that are in a liability position and not fully collateralized with cash were fully triggered as of June 30, 2021 and December 31, 2020, DESC would have been required to post $11 million and $10 million, respectively, of additional collateral to its counterparties. The collateral that would be required to be posted includes the impacts of any amounts already posted for derivatives per contractual terms. DESC had posted $11 million and $1 million, respectively, of collateral at June 30, 2021 and December 31, 2020 related to derivatives with credit-related contingent provisions that are in a liability position and not fully collateralized with cash. The aggregate fair value of all derivative instruments with credit-related contingent provisions that are in a liability position and not fully collateralized with cash was $22 million and $11 million at June 30, 2021 and December 31, 2020, respectively.

The table below presents derivative balances by type of financial instrument, if the gross amounts recognized in the Consolidated Balance Sheets were netted with derivative instruments and cash collateral received or paid. DESC’s commodity derivative assets are not subject to a master netting agreement or similar arrangement.

	June 30, 2021				December 31, 2020			
	Gross Amounts Not Offset in the Consolidated Balance Sheet				Gross Amounts Not Offset in the Consolidated Balance Sheet			
(millions)	**Gross Liabilities Presented in the Consolidated Balance Sheet(1)**	**Financial Instruments**	**Cash Collateral Paid**	**Net Amounts**	Gross Liabilities Presented in the Consolidated Balance Sheet(1)	Financial Instruments	Cash Collateral Paid	Net Amounts
Interest rate contracts:								
Over-the-counter	**$ 22**	**$ —**	**$ 11**	**$ 11**	$ 27	$ —	$ 17	$ 10
Total derivatives	**$ 22**	**$ —**	**$ 11**	**$ 11**	$ 27	$ —	$ 17	$ 10

1) Excludes $28 million and $— million of derivative liabilities at June 30, 2021 and December 31, 2020, respectively, which are not subject to master netting or similar arrangements.

Volumes

The following table presents the volume of derivative activity at June 30, 2021. These volumes are based on open derivative positions and represent the combined absolute value of their long and short positions.

	Current	Noncurrent
Electricity (MWh):		
Fixed price	**1,642,960**	**23,508,146**
Interest rate[(1)] (millions)	**$ —**	**$ 71**

(1) Maturity is determined based on final settlement period.

Fair Value and Gains and Losses on Derivative Instruments

The following tables present the fair values of derivatives and where they are presented in the Consolidated Balance Sheets:

(millions)	Fair Value - Derivatives under Hedge Accounting	Fair Value - Derivatives not under Hedge Accounting	Total Fair Value
At June 30, 2021			
ASSETS			
Current Assets			
Commodity	**$ —**	**$ 5**	**$ 5**
Total current derivative assets[(1)]	**—**	**5**	**5**
Noncurrent Assets			
Commodity	**—**	**10**	**10**
Total noncurrent derivative assets[(2)]	**—**	**10**	**10**
Total derivative assets	**$ —**	**$ 15**	**$ 15**
LIABILITIES			
Current Liabilities			
Interest rate	**$ 1**	**$ 1**	**$ 2**
Total current derivative liabilities[(3)]	**1**	**1**	**2**
Noncurrent Liabilities			
Commodity	**—**	**28**	**28**
Interest rate	**12**	**8**	**20**
Total noncurrent derivative liabilities[(4)]	**12**	**36**	**48**
Total derivative liabilities	**$ 13**	**$ 37**	**$ 50**
At December 31, 2020			
LIABILITIES			
Current Liabilities			
Interest rate	$ 1	$ 1	$ 2
Total current derivative liabilities[(3)]	1	1	2
Noncurrent Liabilities			
Interest rate	15	10	25
Total noncurrent derivative liabilities[(4)]	15	10	25
Total derivative liabilities	$ 16	$ 11	$ 27

(1) Current derivative assets are presented in other current assets in the Consolidated Balance Sheets.
(2) Noncurrent derivative assets are presented in other deferred debits and other assets in the Consolidated Balance Sheets.
(3) Current derivative liabilities are presented in other current liabilities in the Consolidated Balance Sheets.
(4) Noncurrent derivative liabilities are presented in other deferred credits and other liabilities in the Consolidated Balance Sheets.

The following tables present the gains and losses on derivatives, as well as where the associated activity is presented in the Consolidated Balance Sheets and Statements of Comprehensive Income (Loss):

Derivatives in Cash Flow Hedging Relationships

(millions)	Increase (Decrease) in Derivatives Subject to Regulatory Treatment[1]
Three Months Ended June 30, 2021	
Derivative type and location of gains (losses):	
Interest rate	**$ (1)**
Total	**$ (1)**
Three Months Ended June 30, 2020	
Derivative type and location of gains (losses):	
Interest rate	$ 2
Total	$ 2
Six Months Ended June 30, 2021	
Derivative type and location of gains (losses):	
Interest rate	**$ 6**
Total	**$ 6**
Six Months Ended June 30, 2020	
Derivative type and location of gains (losses):	
Interest rate	$ (4)
Total	$ (4)

(1) Represents net derivative activity deferred into and amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/ liabilities have no associated effect in the Consolidated Statements of Comprehensive Income (Loss).

Derivatives Not Designated as Hedging Instrument

There were no gains and losses on derivatives not designated as hedging instruments for both the three months ended June 30, 2021 and June 30, 2020.

(millions)		Amount of Gain (Loss) Recognized in Income on Derivatives[1]	
Six Months Ended June 30,	**Location**	**2021**	2020
Derivative type and location of gains (losses):			
Interest rate contracts:	Interest charges	**$ (1)**	$ —
Total interest rate contracts		**$ (1)**	$ —

(1) Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in the Consolidated Statements of Comprehensive Income (Loss).

8. FAIR VALUE MEASUREMENTS, INCLUDING DERIVATIVES

DESC's fair value measurements are made in accordance with the policies discussed in Note 9 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020. See Note 7 in this report for further information about DESC's derivatives and hedge accounting activities. DESC applies fair value measurements to certain assets and liabilities including commodity, in addition to interest rate derivative instruments.

Inputs and Assumptions

When evaluating pricing information provided by Designated Contract Market settlement pricing, other pricing services, or brokers, DESC considers the ability to transact at the quoted price, i.e. if the quotes are based on an active market or an inactive market and to the extent which pricing models are used, if pricing is not readily available. If pricing information from external sources is not available, or if DESC believes that observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases the unobservable inputs are developed and substantiated using historical information, available market data, third-party data and statistical analysis. Periodically, inputs to valuation models are reviewed and revised as needed, based on historical information, updated market data, market liquidity and relationships and changes in third-party sources. The inputs and assumptions used in measuring fair value include the following for commodity derivative contracts:

- Forward commodity prices
- Transaction prices
- Volumes
- Commodity location
- Interest rates
- Credit quality of counterparties and the Companies
- Credit enhancements
- Time value

Level 3 Valuations

DESC enters into physical forwards contracts, which are considered Level 3 as they have one or more inputs that are not observable and are significant to the valuation. The discounted cash flow method is used to value Level 3 physical forwards contracts. The discounted cash flow model for forwards calculates mark-to-market valuations based on forward market prices, original transaction prices, volumes, risk-free rate of return, and credit spreads. For Level 3 fair value measurements, certain forward market prices are considered unobservable.

The following table presents DESC's quantitative information about Level 3 fair value measurements at June 30, 2021. The range and weighted average are presented in dollars for market price inputs.

	Fair Value (millions)	Valuation Techniques	Unobservable Input	Range	Weighted Average(1)
Assets					
Physical forwards:					
Electricity	**$ 15**	Discounted cash flow	Market price (per MWh)(2)	23 - 54	35
Total assets	**$ 15**				
Liabilities					
Physical forwards:					
Electricity	**$ 28**	Discounted cash flow	Market price (per MWh)(2)	23 - 55	35
Total liabilities	**$ 28**				

(1) Averages weighted by volume.
(2)Represents market prices beyond defined terms for Levels 1 and 2.

Sensitivity of the fair value measurements to changes in the significant unobservable inputs is as follows:

Significant Unobservable Inputs	Position	Change to Input	Impact on Fair Value Measurement
Market price	Buy	Increase (decrease)	Gain (loss)
Market price	Sell	Increase (decrease)	Loss (gain)

Recurring Fair Value Measurements

The following table presents DESC's liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

(millions)	Level 1	Level 2	Level 3	Total
At June 30, 2021				
Assets				
Commodity	**$ —**	**$ —**	**$ 15**	**$ 15**
Total assets	**$ —**	**$ —**	**$ 15**	**$ 15**
Liabilities				
Commodity	**$ —**	**$ —**	**$ 28**	**$ 28**
Interest rate	**—**	**22**	**—**	**22**
Total liabilities	**$ —**	**$ 22**	**$ 28**	**$ 50**
At December 31, 2020				
Liabilities				
Interest rate	$ —	$ 27	$ —	$ 27
Total liabilities	$ —	$ 27	$ —	$ 27

The following table presents the net change in DESC's assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category. There were no net changes in assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category for the three and six months ended June 30, 2020.

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
(millions)		
Beginning balance	$ —	$ —
Total realized and unrealized losses:		
Included in regulatory assets/liabilities	**(13)**	**(13)**
Ending balance	**$ (13)**	**$ (13)**

There were no unrealized gains or losses included in earnings in the Level 3 fair value category relating to assets/liabilities still held atthe reporting date for the three and six months ended June 30, 2021.

Fair Value of Financial Instruments

Substantially all of DESC's financial instruments are recorded at fair value, with the exception of the instruments described below, which are reported at historical cost. Estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. The carrying amount of financial instruments classified within current assets and current liabilities are representative of fair value because of the short-term nature of these instruments. For financial instruments that are not recorded at fair value, the carrying amounts and estimated fair values are as follows:

	June 30, 2021		December 31, 2020	
(millions)	Carrying Amount	Estimated Fair Value(1)	Carrying Amount	Estimated Fair Value(1)
Long-term debt(2)	**$ 3,360**	**$ 4,515**	$ 3,360	$ 4,748
Affiliated long-term debt	**230**	**230**	230	230

(1) Fair value is estimated using market prices, where available, and interest rates currently available for issuance of debt with similar terms and remaining maturities. All fair value measurements are classified as Level 2. The carrying amount of debt issuances with short-term maturities and variable rates refinanced at current market rates is a reasonable estimate of their fair value.

(2) Carrying amount includes current portions included in securities due within one year and amounts which represent the unamortized debt issuance costs and discount or premium.

9. EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost recorded by DESC were as follows:

(millions)	Pension Benefits		Other Postretirement Benefits	
Three Months Ended June 30,	**2021**	2020	**2021**	2020
Service cost	**$ 1**	$ 4	**$ —**	$ 1
Interest cost	**5**	6	**2**	2
Expected return on assets	**(12)**	(11)	**—**	—
Amortization of actuarial losses	**1**	1	**—**	—
Net periodic benefit cost (credit)	**$ (5)**	$ —	**$ 2**	$ 3
Six Months Ended June 30,				
Service cost	**$ 4**	$ 7	**$ 1**	$ 2
Interest cost	**10**	12	**3**	4
Expected return on assets	**(24)**	(22)	**—**	—
Amortization of actuarial losses	**3**	3	**—**	—
Net periodic benefit cost (credit)	**$ (7)**	$ —	**$ 4**	$ 6

During the three and six months ended June 30, 2021, DESC made no contributions to its pension trust and does not expect to make any such contributions in 2021. DESC recovers current pension costs through either a rate rider that may be adjusted annually for retail electric operations or through cost of service rates for gas operations.

10. COMMITMENTS AND CONTINGENCIES

As a result of issues generated in the ordinary course of business, DESC is involved in legal proceedings before various courts and is periodically subject to governmental examinations (including by regulatory authorities), inquiries and investigations. Certain legal proceedings and governmental examinations involve demands for unspecified amounts of damages, are in an initial procedural phase, involve uncertainty as to the outcome of pending appeals or motions, or involve significant factual issues that need to be resolved, such that it is not possible for DESC to estimate a range of possible loss. For such matters that DESC cannot estimate, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the litigation or investigative processes such that DESC is able to estimate a range of possible loss. For legal proceedings and governmental examinations that DESC is able to reasonably estimate a range of possible losses, an estimated range of possible loss is provided, in excess of the accrued liability (if any) for such matters. Any accrued liability is recorded on a gross basis with a receivable also recorded for any probable insurance recoveries. Estimated ranges of loss are inclusive of legal fees and net of any anticipated insurance recoveries. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent DESC’s maximum possible loss exposure. The circumstances of such legal proceedings and governmental examinations will change from time to time and actual results may vary significantly from the current estimate. For current proceedings not specifically reported below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on DESC’s financial position, liquidity or results of operations.

Environmental Matters

DESC is subject to costs resulting from a number of federal, state and local laws and regulations designed to protect human health and the environment. These laws and regulations affect future planning and existing operations. They can result in increased capital, operating and other costs as a result of compliance, remediation, containment and monitoring obligations.

From a regulatory perspective, DESC and GENCO continually monitor and evaluate their current and projected emission levels and strive to comply with all state and federal regulations regarding those emissions. DESC and GENCO participate in the SO_2 and NO_X emission allowance programs with respect to coal plant emissions and also have constructed additional pollution control equipment at their coal-fired electric generating plants. These actions are expected to address many of the rules and regulations discussed herein.

Air

The CAA, as amended, is a comprehensive program utilizing a broad range of regulatory tools to protect and preserve the nation's air quality. At a minimum, states are required to establish regulatory programs to meet applicable requirements of the CAA. However, states may choose to develop regulatory programs that are more restrictive. Many of DESC’s facilities are subject to the CAA’s permitting and other requirements.

Ozone Standards

The EPA published final non-attainment designations for the October 2015 ozone standard in June 2018 with states required to develop plans to address the new standard. Until the states have developed implementation plans for the standard, DESC is unable to predict whether or to what extent the new rules will ultimately require additional controls. The expenditures required to implement additional controls could have a material impact on DESC’s results of operations and cash flows.

ACE Rule

In July 2019, the EPA published the final rule informally referred to as the ACE Rule, as a replacement for the Clean Power Plan. The ACE Rule regulated GHG emissions from existing coal-fired power plants pursuant to Section 111(d) of the CAA and required states to develop plans by July 2022 establishing unit-specific performance standards for existing coal-fired power plants. In January 2021, the U.S. Court of Appeals for the D.C. Circuit vacated the ACE Rule and remanded it to the EPA. This decision would take effect upon issuance of the court’s mandate. In March 2021, the court issued a partial mandate vacating and remanding all parts of the ACE Rule except for the portion of the ACE Rule that repealed the Clean Power Plan. While the EPA has stated its intention to replace the ACE Rule, it is unknown at this time if or how the EPA will issue a replacement for the ACE Rule and how that replacement will affect DESC’s operations, financial condition and/or cash flows.

Carbon Regulations

In August 2016, the EPA issued a draft rule proposing to reaffirm that a source’s obligation to obtain a PSD or Title V permit for GHGs is triggered only if such permitting requirements are first triggered by non-GHG, or conventional, pollutants that are regulated by the New Source Review program, and exceed a significant emissions rate of 75,000 tons per year of CO_2 equivalent emissions. Until the EPA ultimately takes final action on this rulemaking, DESC cannot predict the impact to its results of operations, financial condition and/or cash flows.

In December 2018, the EPA proposed revised Standards of Performance for Greenhouse Gas Emissions from New, Modified, and Reconstructed Stationary Sources. The proposed rule would amend the previous determination that the best system of emission reduction for newly constructed coal-fired steam generating units is no longer partial carbon capture and storage. Instead, the proposed revised best system of emission reduction for this source category is the most efficient demonstrated steam cycle (e.g., supercritical steam conditions for large units and subcritical steam conditions for small units) in combination with best operating practices. In January 2021, the EPA published a final rule affirming that fossil fuel-fired electric generating units meet the requirement that a source category "significantly contribute" to endangering air pollution for the purposes of regulating GHG emissions from new, modified and reconstructed stationary sources. The January 2021 rule also established a threshold for the "significant contribution" threshold that would have meant that no other source category, such as oil and gas facilities, petroleum refineries, and boilers, would meet that requirement at this time. In April 2021, the U.S. Court of Appeals for the D.C. Circuit granted an unopposed motion by the EPA to vacate and remand the January 2021 rule. The proposed revision to the performance standards for coal-fired steam generating units remains pending. Until the EPA ultimately takes final action on this rulemaking, DESC cannot predict the impact to its results of operations, financial condition and/or cash flows.

Water

The CWA, as amended, is a comprehensive program requiring a broad range of regulatory tools including a permit program to authorize and regulate discharges to surface waters with strong enforcement mechanisms. DESC must comply with applicable aspects of the CWA programs at its operating facilities.

Regulation 316(b)

In October 2014, the final regulations under Section 316(b) of the CWA that govern existing facilities and new units at existing facilities that employ a cooling water intake structure and that have flow levels exceeding a minimum threshold became effective. The rule establishes a national standard for impingement based on seven compliance options, but forgoes the creation of a single technology standard for entrainment. Instead, the EPA has delegated entrainment technology decisions to state regulators. State regulators are to make case-by-case entrainment technology determinations after an examination of five mandatory facility-specific factors, including a social cost-benefit test, and six optional facility-specific factors. The rule governs all electric generating stations with water withdrawals above two MGD, with a heightened entrainment analysis for those facilities over 125 MGD. DESC has five facilities that are subject to the final regulations. DESC is also working with the EPA and state regulatory agencies to assess the applicability of Section 316(b) to five hydroelectric facilities. DESC anticipates that it may have to install impingement control technologies at certain of these stations that have once-through cooling systems. DESC is currently evaluating the need or potential for entrainment controls under the final rule as these decisions will be made on a case-by-case basis after a thorough review of detailed biological, technology, cost and benefit studies. DESC is conducting studies and implementing plans as required by the rule to determine appropriate intake structure modifications at certain facilities to ensure compliance with this rule. While the impacts of this rule could be material to DESC's results of operations, financial condition and/or cash flows, the existing regulatory framework in South Carolina provides rate recovery mechanisms that could substantially mitigate any such impacts for DESC.

Effluent Limitations Guidelines

In September 2015, the EPA released a final rule to revise the ELG Rule. The final rule established updated standards for wastewater discharges that apply primarily at coal and oil steam generating stations. Affected facilities are required to convert from wet to dry or closed cycle coal ash management, improve existing wastewater treatment systems and/or install new wastewater treatment technologies in order to meet the new discharge limits. In April 2017, the EPA granted two separate petitions for reconsideration of the final ELG Rule and stayed future compliance dates in the rule. Also in April 2017, the U.S. Court of Appeals for the Fifth Circuit granted the EPA's request for a stay of the pending consolidated litigation challenging the rule while the EPA addresses the petitions for reconsideration. In September 2017, the EPA signed a rule to postpone the earliest compliance dates for certain waste streams regulations in the final ELG Rule from November 2018 to November 2020; however, the latest date for compliance for these regulations was December 2023. In October 2020, the EPA released the final rule that extends the latest dates for compliance. Individual facilities' compliance dates will vary based on circumstances and the determination by state regulators and may range from 2021 to 2028. While the impacts of this rule could be material to DESC's results of operations, financial condition and/or cash flows, as DESC expects that wastewater treatment technology retrofits and modifications to the bottom ash handling systems at the Williams and Wateree generating stations will be required, the existing regulatory framework in South Carolina provides rate recovery mechanisms that could substantially mitigate any such impacts for DESC.

Capacity Use Area

In November 2019, a new CUA was established in the counties surrounding the Cope Generating Station (Western Capacity Use Area) under the South Carolina Groundwater Use and Reporting Regulation. Under the regulation any groundwater well in a CUA that withdraws above three million gallons per month must be permitted. The Cope Generating Station is located within this new Western Capacity Use Area. Cope has been using four deep groundwater wells for cooling water and other house loads since 1996. Prior to designation of the new Western Capacity Use Area, the wells at Cope Station were only required to be registered not permitted. As a result of this designation, Cope will need to restore the surface water equipment to operable status to reduce reliance on groundwater wells. This includes completion of 316(b) requirements, (including SCDHEC BACT determination and modification of the station national pollutant discharge elimination system permit) and extensive inspection, repair and/or replacement of the associated surface water withdrawal equipment which has been idle since 1996. While the impacts of this rule change are material to DESC's results of operations, financial condition and/or cash flows, the existing regulatory framework in South Carolina provides rate recovery mechanisms that could substantially mitigate any such impacts for DESC.

Waste Management and Remediation

The operations of DESC are subject to a variety of state and federal laws and regulations governing the management and disposal of solid and hazardous waste, and release of hazardous substances associated with current and/or historical operations. The CERCLA, as amended, and similar state laws, may impose joint, several and strict liability for cleanup on potentially responsible parties who owned, operated or arranged for disposal at facilities affected by a release of hazardous substances. In addition, many states have created programs to incentivize voluntary remediation of sites where historical releases of hazardous substances are identified and property owners or responsible parties decide to initiate cleanups.

From time to time, DESC may be identified as a potentially responsible party in connection with the alleged release of hazardous substances or wastes at a site. Under applicable federal and state laws, DESC could be responsible for costs associated with the investigation or remediation of impacted sites, or subject to contribution claims by other responsible parties for their costs incurred at such sites. DESC also may identify, evaluate and remediate other potentially impacted sites under voluntary state programs. Remediation costs may be subject to reimbursement under DESC's insurance policies, rate recovery mechanisms, or both. Except as described below, DESC does not believe these matters will have a material effect on results of operations, financial condition and/or cash flows.

DESC has four decommissioned MGP sites in South Carolina that are in various states of investigation, remediation and monitoring under work plans approved by, or under review by, the SCDHEC or the EPA. DESC anticipates that activities at these sites will continue through 2025 at an estimated cost of $9 million. In addition, for one site, an updated work plan submitted to SCDHEC in September 2018, would increase costs by approximately $11 million if approved by federal and state agencies. In September 2020, this plan was submitted to the Army Corps of Engineers. DESC expects to recover costs arising from the remediation work at all four sites through rate recovery mechanisms and as of June 30, 2021, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled $22 million and are included in regulatory assets.

Ash Pond and Landfill Closure Costs

In April 2015, the EPA enacted a final rule regulating CCR landfills, existing ash ponds that still receive and manage CCRs, and inactive ash ponds that do not receive, but still store, CCRs. DESC currently has inactive and existing CCR ponds and CCR landfills subject to the final rule at 3 different facilities. This rule created a legal obligation for DESC to retrofit or close all of its inactive and existing ash ponds over a certain period of time, as well as perform required monitoring, corrective action, and post-closure care activities as necessary.

In December 2016, legislation was enacted that creates a framework for EPA- approved state CCR permit programs. In August 2017, the EPA issued interim guidance outlining the framework for state CCR program approval. The EPA has enforcement authority until state programs are approved. The EPA and states with approved programs both will have authority to enforce CCR requirements under their respective rules and programs. In September 2017, the EPA agreed to reconsider portions of the CCR rule in response to two petitions for reconsideration. In March 2018, the EPA proposed certain changes to the CCR rule related to issues remanded as part of the pending litigation and other issues the EPA is reconsidering. Several of the proposed changes would allow states with approved CCR permit programs additional flexibility in implementing their programs. In July 2018, the EPA promulgated the first phase of changes to the CCR rule. In August 2018, the U.S. Court of Appeals for the D.C. Circuit issued its decision in the pending challenges of the CCR rule, vacating and remanding to the EPA three provisions of the rule. Until this matter is resolved and all phases of the CCR rule are promulgated, DESC is unable to precisely estimate potential incremental impacts or costs related to existing coal ash sites in connection with future implementation of the final CCR rule. While such amounts may be material to DESC's results of operations, financial condition and/or cash flows, the existing regulatory framework in South Carolina provides rate recovery mechanisms that could substantially mitigate any such impacts.

Abandoned NND Project

A description of events and circumstances leading up to DESC's abandonment of the NND Project and subsequent regulatory, legislative, legal and investigative proceedings, as well as related impairments of NND Project and other costs are described in Note 12 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

Claims and Litigation

The following describes certain legal proceedings involving DESC relating to events occurring before closing of the SCANA Combination. No reference to, or disclosure of, any proceeding, item or matter described below shall be construed as an admission or indication that such proceeding, item or matter is material. For certain of these matters, and unless otherwise noted therein, DESC is unable to estimate a reasonable range of possible loss and the related financial statement impacts, but for any such matter there could be a material impact to its results of operations, financial condition and/or cash flows. For the matters for which DESC is able to reasonably estimate, the Consolidated Balance Sheets at June 30, 2021 and December 31, 2020 include reserves of $278 million and $208 million, respectively, and insurance receivables of $23 million and $8 million, respectively, included within other receivables. During the three and six months ended June 30, 2021, DESC's Consolidated Statements of Income include charges of $10 million ($8 million after-tax) and $70 million ($53 million after-tax), respectively, included within impairment of assets and other charges.

Ratepayer Class Actions

In May 2018, a consolidated complaint against DESC, SCANA and the State of South Carolina was filed in the State Court of Common Pleas in Hampton County, South Carolina (the DESC Ratepayer Case). The plaintiffs alleged, among other things, that DESC was negligent and unjustly enriched, breached alleged fiduciary and contractual duties and committed fraud and misrepresentation in failing to properly manage the NND Project, and that DESC committed unfair trade practices and violated state anti-trust laws. In December 2018, the State Court of Common Pleas in Hampton County entered an order granting preliminary approval of a class action settlement. The court entered an order granting final approval of the settlement in June 2019, which became effective in July 2019. The settlement agreement, contingent upon the closing of the SCANA Combination, provided that SCANA and DESC establish an escrow account and proceeds from the escrow account would be distributed to the plaintiffs, after payment of certain taxes, attorneys' fees and other expenses and administrative costs. The escrow account would include (1) up to $2.0 billion, net of a credit of up to $2.0 billion in future electric bill relief, which would inure to the benefit of the escrow account in favor of class members over a period of time established by the South Carolina Commission in its order related to matters before the South Carolina Commission related to the NND Project, (2) a cash payment of $115 million and (3) the transfer of certain DESC-owned real estate or sales proceeds from the sale of such properties, which counsel for the plaintiffs estimated to have an aggregate value between $60 million and $85 million. At the closing of the SCANA Combination, SCANA and DESC funded the cash payment portion of the escrow account. In July 2019, DESC transferred $117 million representing the cash payment, plus accrued interest, to the plaintiffs. Through August 2020, property, plant and equipment with a net recorded value of $22 million had been transferred to the plaintiffs in coordination with the court-appointed real estate trustee to satisfy the settlement agreement. In September 2020, the court entered an order approving a final resolution of the transfer of real estate or sales proceeds with a cash contribution of $38.5 million by DESC and the conveyance of property, plant and equipment with a net recorded value of $3 million, which was completed by DESC in October 2020.

In September 2017, a purported class action was filed by Santee Cooper ratepayers against Santee Cooper, DESC, Palmetto Electric Cooperative, Inc. and Central Electric Power Cooperative, Inc. in the State Court of Common Pleas in Hampton County, South Carolina (the Santee Cooper Ratepayer Case). The allegations were substantially similar to those in the DESC Ratepayer Case. In March 2020, the parties executed a settlement agreement relating to this matter as well as the Luquire Case and the Glibowski Case described below. The settlement agreement provided that Dominion Energy and Santee Cooper establish a fund for the benefit of class members in the amount of $520 million, of which Dominion Energy's portion was $320 million of shares of Dominion Energy common stock. In July 2020, the court issued a final approval of the settlement agreement. In September 2020, Dominion Energy issued $322 million of shares of Dominion Energy common stock to satisfy its obligation under the settlement agreement, including interest charges.

In July 2019, a similar purported class action was filed by certain Santee Cooper ratepayers against DESC, SCANA, Dominion Energy and former directors and officers of SCANA in the State Court of Common Pleas in Orangeburg, South Carolina (the Luquire Case). In August 2019, DESC, SCANA and Dominion Energy were voluntarily dismissed from the case. The claims were similar to the Santee Cooper Ratepayer Case. In March 2020, the parties executed a settlement agreement as described above relating to this matter as well as the Santee Cooper Ratepayer Case and the Glibowski Case. This case was dismissed as part of the Santee Cooper Ratepayer Case settlement described above.

RICO Class Action

In January 2018, a purported class action was filed, and subsequently amended, against SCANA, DESC and certain former executive officers in the U.S. District Court for the District of South Carolina (the Glibowski Case). The plaintiff alleged, among other things, that SCANA, DESC and the individual defendants participated in an unlawful racketeering enterprise in violation of RICO and conspired to violate RICO by fraudulently inflating utility bills to generate unlawful proceeds. In March 2020, the parties executed a settlement agreement as described above relating to this matter as well as the Santee Cooper Ratepayer Case and the Luquire Case. This case was dismissed as part of the Santee Cooper Ratepayer Case settlement described above.

SCANA Shareholder Litigation

In February 2018, a purported class action was filed against Dominion Energy and certain former directors of SCANA and DESC in the State Court of Common Pleas in Richland County, South Carolina (the Metzler Lawsuit). The plaintiff alleges, among other things, that defendants violated their fiduciary duties to shareholders by executing a merger agreement that would unfairly deprive plaintiffs of the true value of their SCANA stock, and that Dominion Energy aided and abetted these actions. Among other remedies, the plaintiff seeks to enjoin and/or rescind the merger. In February 2018, Dominion Energy removed the case to the U.S. District Court for the District of South Carolina and filed a Motion to Dismiss in March 2018. In September 2019, the U.S. District Court for the District of South Carolina granted the plaintiffs' motion to consolidate the Metzler Lawsuit with another lawsuit regarding the SCANA Merger Agreement to which DESC is not a party. In October 2019, the plaintiffs filed an amended complaint against certain former directors and executive officers of SCANA and DESC, which stated substantially similar allegations to those in the initial lawsuits as well as an inseparable fraud claim. In November 2019, the defendants filed a motion to dismiss. In April 2020, the U.S. District Court for the District of South Carolina denied the motion to dismiss. In May 2020, SCANA filed a motion to intervene, which was denied in August 2020. In September 2020, SCANA filed a notice of appeal with the U.S. Court of Appeals for the Fourth Circuit. In June 2021, the parties reached an agreement in principle to settle this case, along with a related case to which DESC was not a party, subject to court approval, with no financial impact to DESC.

Employment Class Actions and Indemnification

In August 2017, a case was filed in the U.S. District Court for the District of South Carolina on behalf of persons who were formerly employed at the NND Project. In July 2018, the court certified this case as a class action. In February 2019, certain of these plaintiffs filed an additional case, which case has been dismissed and the plaintiffs have joined the case filed August 2017. The plaintiffs allege, among other things, that SCANA, DESC, Fluor Corporation and Fluor Enterprises, Inc. violated the Worker Adjustment and Retraining Notification Act in connection with the decision to stop construction at the NND Project. The plaintiffs allege that the defendants failed to provide adequate advance written notice of their terminations of employment and are seeking damages, which could be as much as $100 million for 100% of the NND Project. In January 2021, the U.S. District Court for the District of South Carolina granted summary judgment in favor of SCANA, DESC, Fluor Corporation and Fluor Enterprises, Inc. In February 2021, the plaintiffs filed a notice of appeal with the U.S. Court of Appeals for the Fourth Circuit. This case is pending.

In September 2018, a case was filed in the State Court of Common Pleas in Fairfield County, South Carolina by Fluor Enterprises, Inc. and Fluor Daniel Maintenance Services, Inc. against DESC and Santee Cooper. The plaintiffs make claims for indemnification, breach of contract and promissory estoppel arising from, among other things, the defendants' alleged failure and refusal to defend and indemnify the Fluor defendants in the aforementioned case. This case is pending.

FILOT Litigation and Related Matters

In November 2017, Fairfield County filed a complaint and a motion for temporary injunction against DESC in the State Court of Common Pleas in Fairfield County, South Carolina, making allegations of breach of contract, fraud, negligent misrepresentation, breach of fiduciary duty, breach of implied duty of good faith and fair dealing and unfair trade practices related to DESC's termination of the FILOT agreement between DESC and Fairfield County related to the NND Project. The plaintiff sought a temporary and permanent injunction to prevent DESC from terminating the FILOT agreement. The plaintiff withdrew the motion for temporary injunction in December 2017. In July 2021, the parties executed a settlement agreement requiring DESC to pay $99 million, which could be satisfied in either cash or shares of Dominion Energy common stock. Also in July 2021, the State Court of Common Pleas in Fairfield County, South Carolina approved the settlement. In July 2021, Dominion Energy issued 1.4 million shares of Dominion Energy common stock to satisfy DESC's obligation under the settlement agreement.

Governmental Proceedings and Investigations

In June 2018, DESC received a notice of proposed assessment of approximately $410 million, excluding interest, from the SCDOR following its audit of DESC's sales and use tax returns for the periods September 1, 2008 through December 31, 2017. The proposed assessment, which includes 100% of the NND Project, is based on the SCDOR's position that DESC's sales and use tax exemption for the NND Project does not apply because the facility will not become operational. In December 2020, the parties reached an agreement in principle in the amount of $165 million to resolve this matter. In June 2021, the parties executed a settlement agreement which allows DESC to fund the settlement amount through a combination of cash, shares of Dominion Energy common stock or real estate with an initial payment of at least $43 million in shares of Dominion Energy common stock. In August 2021, Dominion Energy issued 0.6 million shares of its common stock to satisfy DESC's obligation for the initial payment under the settlement agreement.

In September and October 2017, SCANA was served with subpoenas issued by the U.S. Attorney's Office for the District of South Carolina and the Staff of the SEC's Division of Enforcement seeking documents related to the NND Project. In February 2020, the SEC filed a complaint against SCANA, two of its former executive officers and DESC in the U.S. District Court for the District of South Carolina alleging that the defendants violated federal securities laws by making false and misleading statements about the NND Project. In April 2020, SCANA and DESC reached an agreement in principle with the Staff of the SEC's Division of Enforcement to settle, without admitting or denying the allegations in the complaint. In December 2020, the U.S. District Court for the District of South Carolina issued an order approving the settlement which required SCANA to pay a civil monetary penalty totaling $25 million, and SCANA and DESC to pay disgorgement and prejudgment interest totaling $112.5 million, which disgorgement and prejudgment interest amount were deemed satisfied by the settlements in the SCANA Securities Class Action and the DESC Ratepayer Case.

SCANA paid the civil penalty in December 2020. The SEC civil action against two former executive officers of SCANA remains pending and is currently subject to a stay granted by the court in June 2020 at the request of the U.S. Attorney's Office for the District of South Carolina.

In addition, the South Carolina Law Enforcement Division is conducting a criminal investigation into the handling of the NND Project by SCANA and DESC. Dominion Energy is cooperating fully with the investigations by the U.S. Attorney's Office and the South Carolina Law Enforcement Division, including responding to additional subpoenas and document requests. Dominion Energy has also entered into a cooperation agreement with the U.S. Attorney's Office and the South Carolina Attorney General's Office. The cooperation agreement provides that in consideration of its full cooperation with these investigations to the satisfaction of both agencies, neither such agency will criminally prosecute or bring any civil action against Dominion Energy or any of its current, previous, or future direct or indirect subsidiaries related to the NND Project. A former executive officer of SCANA entered a plea agreement with the U.S. Attorney's Office and the South Carolina Attorney General's Office in June 2020 and entered a guilty plea with the U.S. District Court for the District of South Carolina in July 2020. Another former executive officer of SCANA entered a plea agreement with the U.S. Attorney's Office and the South Carolina Attorney General's Office in November 2020 and entered guilty pleas in the U.S. District Court for the District of South Carolina and in South Carolina state court in February 2021. As a result of the pleas, Dominion Energy has terminated indemnity for these former executive officers related to these two cases.

Other Litigation

In September 2019, a South Carolina state court jury awarded a judgment to the estate of Jose Larios in a wrongful death suit filed in June 2017 against DESC, of which DESC was apportioned $19 million. DESC holds general liability insurance coverage which is expected to provide payment for substantially all DESC's liability in this matter. In October 2019, DESC filed a motion requesting a reduction in the judgment or, in the alternative, a new trial. In November 2019, DESC's motion for a new trial was granted, setting aside the entire verdict amount. This matter is pending.

Contractor Bankruptcy Proceedings

Westinghouse's Reorganization Plan became effective August 1, 2018. Initially, Westinghouse had projected that its Reorganization Plan would pay in full or nearly in full its pre-petition trade creditors, including several of the Westinghouse Subcontractors which have alleged non-payment by the Consortium for amounts owed for work performed on the NND Project and have filed liens on related property in Fairfield County, South Carolina. DESC is contesting approximately $285 million of such filed liens. Most of these asserted liens are "pre-petition" claims that relate to work performed by Westinghouse Subcontractors before the Westinghouse bankruptcy, although some of them are "post-petition" claims arising from work performed after the Westinghouse bankruptcy. It is possible that the Reorganization Plan will not provide for payment in full or nearly in full to its pre-petition trade creditors. The shortfall could be significant. In addition, payments under the Toshiba Settlement are subject to reduction if Westinghouse pays Westinghouse Subcontractors holding pre-petition liens directly. Under these circumstances, DESC and Santee Cooper, each in its pro rata share, would be required to make Citibank, N.A., which purchased the scheduled payments under the Toshiba Settlement, whole for reductions related to valid subcontractor and vendor pre-petition liens up to $60 million ($33 million for DESC's 55% share).

DESC and Santee Cooper were responsible for amounts owed to Westinghouse for valid work performed by Westinghouse Subcontractors on the NND Project after the Westinghouse bankruptcy filing (i.e., post-petition) until termination of the IAA (the IAA Period). In the Westinghouse bankruptcy proceeding, deadlines were established for creditors of Westinghouse to assert the amounts owed to such creditors prior to the Westinghouse bankruptcy filing and during the IAA Period. Many of the Westinghouse Subcontractors have filed such claims. In December 2019, DESC and Santee Cooper entered into a confidential settlement agreement with W Wind Down Co LLC resolving claims relating to the IAA.

Further, some Westinghouse Subcontractors who have made claims against Westinghouse in the bankruptcy proceeding also filed against DESC and Santee Cooper in South Carolina state court for damages. The Westinghouse Subcontractor claims in South Carolina state court include common law claims for pre-petition work, IAA Period work, and work after the termination of the IAA. Many of these claimants have also asserted construction liens against the NND Project site. While DESC cannot be assured that it will not have any exposure on account of unpaid Westinghouse Subcontractor claims, which claims DESC is presently disputing, DESC believes it is unlikely that it will be required to make payments on account of such claims that would exceed the portion of the Toshiba Settlement allocated for such balances within the SCANA Merger Approval Order recorded in regulatory liabilities on DESC's Consolidated Balance Sheets.

Nuclear Insurance

Other than the item discussed below, there have been no significant changes regarding DESC's nuclear insurance as described in Note 12 to the Consolidated Financial Statements in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

In March 2021, the total liability protection per nuclear incident available to all participants in the Secondary Financial Protection Program decreased from $13.8 billion to $13.7 billion. In June 2021, the total liability protection per nuclear incident available to all participants in the Secondary Financial Protection Program decreased from $13.7 billion to $13.5 billion. These decreases do not impact DESC's responsibility per active unit under the Price-Anderson Amendments Act of 1988.

11. OPERATING SEGMENTS

The Corporate and Other segment includes specific items attributable to its operating segment that are not included in profit measures evaluated by executive management in assessing the segment's performance or in allocating resources.

In the six months ended June 30, 2021, DESC reported after-tax net expense of $256 million for specific items in the Corporate and Other segment, all of which was attributable to its operating segment. In the six months ended June 30, 2020, DESC reported after-tax net expense of $7 million for specific items in the Corporate and Other segment, all of which was attributable to its operating segment.

The net expense for specific items attributable to DESC's operating segment in 2021 primarily related to the impact of the following items:

- $266 million ($199 million after-tax) of charges associated with the settlement of the South Carolina electric base rate case; and
- A $70 million ($53 million after-tax) charge associated with litigation.

(millions)	External Revenue	Comprehensive Income (Loss) Available (Attributable) to Common Shareholder
Three Months Ended June 30, 2021		
Dominion Energy South Carolina	**$ 692**	**$ 79**
Corporate and Other	**—**	**(210)**
Consolidated Total	**$ 692**	**$ (131)**
Three Months Ended June 30, 2020		
Dominion Energy South Carolina	$ 624	$ 77
Corporate and Other	—	(8)
Consolidated Total	$ 624	$ 69
Six Months Ended June 30, 2021		
Dominion Energy South Carolina	**$ 1,436**	**$ 176**
Corporate and Other	**—**	**(256)**
Consolidated Total	**$ 1,436**	**$ (80)**
Six Months Ended June 30, 2020		
Dominion Energy South Carolina	$ 1,296	$ 166
Corporate and Other	—	(9)
Consolidated Total	$ 1,296	$ 157

12. AFFILIATED AND RELATED PARTY TRANSACTIONS

DESC owns 40% of Canadys Refined Coal, LLC, which is involved in the manufacturing and sale of refined coal to reduce emissions at one of DESC's generating facilities. DESC accounts for this investment using the equity method.

DESS, on behalf of itself and its parent company, provided the following services to DESC through December 2020, which were rendered at direct or allocated cost: information systems, telecommunications, customer support, marketing and sales, human resources, corporate compliance, purchasing, financial, risk management, public affairs, legal, investor relations, gas supply and capacity management, strategic planning, general administrative and retirement benefits. In addition, DESS processed and paid invoices for DESC and was reimbursed. Effective January 2021, DES provides to DESC the services previously provided by DESS. Costs for these services include amounts capitalized. Amounts expensed are primarily recorded in other operations and maintenance - affiliated suppliers and other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss).

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(millions)	**2021**	2020	**2021**	2020
Direct and allocated costs from DES and DESS(1)	**$ 57**	$ 63	**$ 115**	$ 130
Operating Revenues - Electric from sales to affiliate	**1**	2	**2**	2
Operating Expenses - Other taxes from affiliate	**2**	1	**4**	4
Purchases of electricity from solar affiliates	**5**	4	**7**	6
Demand and transportation charges from DECG - Fuel used in electric generation	**—**	5	**—**	9
Demand and transportation charges from DECG - Gas purchased for resale	**—**	11	**—**	22

(1) Includes capitalized expenditures of $10 million and $13 million for the three months ended June 30, 2021 and 2020, respectively, and $15 million and $25 million for the six months ended June 30, 2021 and 2020, respectively.

(millions)	**June 30, 2021**	December 31, 2020
Payable to DES and DESS	**$ 1**	$ 59
Receivable from DES	**2**	—
Payable to Public Service Company of North Carolina, Incorporated	**13**	5
Payable to solar affiliates	**2**	1
Derivative assets with affiliates(1)	**3**	—
Derivative liabilities with affiliates(1)	**7**	—

(1) Effective in the second quarter of 2021, contracts for the future purchase of certain quantities of electricity from solar affiliates no longer met the criteria for the normal purchase normal sale exception and are accounted for as derivative contracts.

Borrowings from an affiliate are described in Note 5.

13. OTHER INCOME (EXPENSE), NET

Components of other income (expense), net are as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(millions)	**2021**	2020	**2021**	2020
Revenues from contracts with customers	**$ —**	$ —	**$ —**	$ 1
Other income	**4**	4	**7**	7
Other expense	**(18)**	(3)	**(16)**	(5)
Allowance for equity funds used during construction	**2**	1	**3**	2
Other income (expense), net	**$ (12)**	$ 2	**$ (6)**	$ 5

Non-service cost components of pension and other postretirement benefits are included in other income (expense).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MD&A provides management's narrative analysis of its consolidated results of operations. MD&A should be read in conjunction with DESC's Consolidated Financial Statements. DESC meets the conditions to file under the reduced disclosure format, and therefore has omitted certain sections of MD&A.

Forward-Looking Statements

This report contains statements concerning DESC's expectations, plans, objectives, future financial performance and other statements that are not historical facts. These statements are "forward-looking statements." In most cases, the reader can identify these forward-looking statements by such words as "anticipate," "estimate," "forecast," "expect," "believe," "should," "could," "plan," "may," "continue," "target" or other similar words.

DESC makes forward-looking statements with full knowledge that risks and uncertainties exist that may cause actual results to differ materially from predicted results. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Additionally, other factors may cause actual results to differ materially from those indicated in any forward-looking statement. These factors include but are not limited to:

- Unusual weather conditions and their effect on energy sales to customers and energy commodity prices;
- Extreme weather events and other natural disasters, including, but not limited to, hurricanes, high winds, severe storms, earthquakes, flooding, climate changes and changes in water temperatures and availability that can cause outages and property damage to facilities;
- Federal, state and local legislative and regulatory developments, including changes in federal and state tax laws and regulations;
- Risks of operating businesses in regulated industries that are subject to changing regulatory structures;
- Changes to regulated rates collected;
- Changes in future levels of domestic and international natural gas production, supply or consumption;
- Timing and receipt of regulatory approvals necessary for planned construction or growth projects and compliance with conditions associated with such regulatory approvals;
- The inability to complete planned construction, conversion or growth projects at all, or with the outcomes or within the terms and time frames initially anticipated, including as a result of increased public involvement, intervention or litigation in such projects;
- Changes to federal, state and local environmental laws and regulations, including those related to climate change, the tightening of emission or discharge limits for GHGs and other substances, more extensive permitting requirements and the regulation of additional substances;
- Cost of environmental compliance, including those costs related to climate change;
- Changes in implementation and enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities;
- Difficulty in anticipating mitigation requirements associated with environmental and other regulatory approvals or related appeals;
- The impact of operational hazards, including adverse developments with respect to pipeline and plant safety or integrity, equipment loss, malfunction or failure, operator error and other catastrophic events;
- Risks associated with the operation of nuclear facilities, including costs associated with the disposal of spent nuclear fuel, decommissioning, plant maintenance and changes in existing regulations governing such facilities;
- Changes in operating, maintenance and construction costs;
- Domestic terrorism and other threats to DESC's physical and intangible assets, as well as threats to cybersecurity;
- Additional competition from the development and deployment of alternative energy sources, such as self-generation and distributed generation technologies;
- Competition in the development, construction and ownership of certain electric transmission facilities in connection with Order 1000;

- Changes in technology, particularly with respect to new, developing or alternative sources of generation and smart grid technologies;
- Changes in demand for services, including industrial, commercial and residential growth or decline in service areas, changes in supplies of natural gas delivered, changes in customer growth or usage patterns, including as a result of energy conservation programs, the availability of energy efficient devices and the use of distributed generation methods;
- Adverse outcomes in litigation matters or regulatory proceedings, including matters related to the NND Project;
- Counterparty credit and performance risk;
- Fluctuations in the value of investments held in nuclear decommissioning and benefit plan trusts;
- Fluctuations in energy-related commodity prices and the effect these could have on DESC's financial position and the underlying value of assets;
- Fluctuations in interest rates;
- Changes in rating agency requirements or credit ratings and their effect on availability and cost of capital;
- Global capital market conditions, including the availability of credit and the ability to obtain financing on reasonable terms;
- Political and economic conditions, including inflation and deflation;
- Employee workforce factors including collective bargaining agreements and labor negotiations with union employees; and
- Changes in financial or regulatory accounting principles or policies imposed by governing bodies.

Additionally, other risks that could cause actual results to differ from predicted results are set forth in Part I. Item 1A. Risk Factors in DESC's Annual Report on Form 10-K for the year ended December 31, 2020.

DESC's forward-looking statements are based on beliefs and assumptions using information available at the time the statements are made. DESC cautions the reader not to place undue reliance on its forward-looking statements because the assumptions, beliefs, expectations and projections about future events may, and often do, differ materially from actual results. DESC undertakes no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

Results of Operations

Presented below is a summary of DESC's consolidated results:

	Second Quarter			Year-To-Date		
(millions)	**2021**	2020	$ Change	**2021**	2020	$ Change
Net income (loss)	**$ (126)**	$ 67	$ (193)	**$ (71)**	$ 160	$ (231)

Overview

Second Quarter 2021 vs. 2020

Net income decreased $193 million, primarily due to charges associated with the settlement of the South Carolina electric base rate case.

Year-To-Date 2021 vs. 2020

Net income decreased $231 million, primarily due to charges associated with the settlement of the South Carolina electric base rate case and charges associated with litigation.

Analysis of Consolidated Operations

Presented below are selected amounts related to DESC's results of operations:

	Second Quarter			Year-To-Date		
(millions)	**2021**	2020	$ Change	**2021**	2020	$ Change
Operating revenues	**$ 692**	$ 624	$ 68	**$ 1,436**	$ 1,296	$ 140
Fuel used in electric generation	**120**	95	25	**252**	199	53
Purchased power	**27**	25	2	**43**	38	5
Gas purchased for resale	**50**	34	16	**131**	91	40
Other operations and maintenance	**164**	143	21	**316**	288	28
Impairment of assets and other charges	**259**	—	259	**319**	2	317
Depreciation and amortization	**119**	118	1	**240**	236	4
Other taxes	**62**	65	(3)	**127**	127	—
Other income (expense), net	**(12)**	2	(14)	**(6)**	5	(11)
Interest charges	**54**	58	(4)	**109**	116	(7)
Income tax expense (benefit)	**(49)**	21	(70)	**(36)**	44	(80)

An analysis of DESC's results of operations follows:

Second Quarter 2021 vs. 2020

Operating revenue increased 11%, primarily due to a $48 million increase in the fuel cost component included in utility rates as a result of an increase in commodity costs and purchased power costs associated with sales to electric utility retail customers ($32 million) and gas utility customers ($16 million) and an increase in sales to electric utility retail customers associated with economic and other usage factors ($21 million).

Fuel used in electric generation increased 26%, primarily due to increased fuel costs associated with electric utility retail customers, which are offset in operating revenue and do not impact net income.

Gas purchased for resale increased 47%, primarily due to an increase in costs associated with gas utility customers, which are offset in operating revenue and do not impact net income.

Other operations and maintenance increased 15%, primarily due to an increase in outside services ($11 million) and NND Project wind down costs ($5 million) partially offset by lower bad debt expense, primarily due to the effects of COVID-19 in 2020 ($10 million).

Impairment of assets and other charges increased $259 million, due to charges associated with the settlement of the South Carolina electric base rate case ($249 million) and charges associated with litigation ($10 million).

Other income (expense), net decreased $14 million, primarily due to charges associated with the settlement of the South Carolina electric base rate case.

Income tax expense decreased $70 million, primarily due to lower pre-tax income.

Year-To-Date 2021 vs. 2020

Operating revenue increased 11%, primarily reflecting:

- A $100 million increase in the fuel cost component included in utility rates as a result of an increase in commodity costs and purchased power costs associated with sales to electric utility retail customers ($60 million) and gas utility customers ($40 million);
- A $20 million increase in sales to electric utility retail customers from an increase in heating degree days ($17 million) and cooling degree days ($3 million); and
- A $15 million increase in sales to electric utility retail customers associated with economic and other usage factors; partially offset by
- A $6 million decrease in sales to retail electric customers from the capital cost rider.

Fuel used in electric generation increased 27%, primarily due to increased fuel costs associated with electric utility retail customers, which are offset in operating revenue and do not impact net income.

Gas purchased for resale increased 44%, primarily due to an increase in costs associated with gas utility customers, which are offset in operating revenue and do not impact net income.

Other operations and maintenance increased 10%, primarily due to an increase in outside services ($12 million), an increase in materials and supplies ($7 million), an increase in salaries, wages and benefits and administrative expenses ($6 million) and NND Project wind down costs ($5 million) partially offset by lower bad debt expense, primarily due to the effects of COVID-19 in 2020 ($8 million).

Impairment of assets and other charges increased $317 million, primarily due to charges associated with the settlement of the South Carolina electric base rate case ($249 million) and charges associated with litigation ($70 million).

Other income (expense), net decreased $11 million, primarily due to charges associated with the settlement of the South Carolina electric base rate case ($18 million) partially offset by lower non-service costs related to pension and other postretirement benefits ($7 million).

Income tax expense decreased $80 million, primarily due to lower pre-tax income.

ITEM 4. CONTROLS AND PROCEDURES

Senior management of DESC, including DESC's CEO and CFO, evaluated the effectiveness of DESC's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation process, DESC's CEO and CFO have concluded that DESC's disclosure controls and procedures are effective.

There were no changes that occurred during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, DESC's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, DESC is party to various legal, environmental or other regulatory proceedings, including in the ordinary course of business. SEC regulations require disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that DESC reasonably believes will exceed a specified threshold. Pursuant to the SEC regulations, DESC uses a threshold of $1 million for such proceedings.

See the following for discussions on various legal, environmental and other regulatory proceedings to which DESC is a party, which information is incorporated herein by reference:

- Notes 3 and 12 to the Consolidated Financial Statements in DESC’s Annual Report on Form 10-K for the year ended December 31, 2020.
- Notes 2 and 10 to the Consolidated Financial Statements in this report.

ITEM 1A. RISK FACTORS

DESC’s business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond its control. A number of these risk factors have been identified in DESC’s Annual Report on Form 10-K for the year ended December 31, 2020, which should be taken into consideration when reviewing the information contained in this report. There have been no material changes with regard to the risk factors previously disclosed in DESC's Annual Report on Form 10-K for the year ended December 31, 2020. For other factors that may cause actual results to differ materially from those indicated in any forward-looking statement or projection contained in this report, see *Forward-Looking Statements* in MD&A in this report.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation, effective April 29, 2019 (Exhibit 3.1, Form 8-K filed April 29, 2019, File No. 1-3375).
3.2	Amended and Restated Bylaws, effective April 29, 2019 (Exhibit 3.2, Form 8-K filed April 29, 2019, File No. 1-3375).
4.1	Dominion Energy South Carolina, Inc. agrees to furnish to the U.S. Securities and Exchange Commission upon request any instrument with respect to long-term debt as to which the total amount of securities authorized does not exceed 10% of its total consolidated assets.
10.1	$6,000,000,000 Fifth Amended and Restated Revolving Credit Agreement, dated June 9, 2021, among Dominion Energy, Inc., Virginia Electric and Power Company, Questar Gas Company, Dominion Energy South Carolina, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, Mizuho Bank, Ltd., Bank of America, N.A., The Bank of Nova Scotia and Wells Fargo Bank, N.A., as Syndication Agents, J.P. Morgan Securities LLC and Mizuho Bank, Ltd., as Co-Sustainability Structuring Agent, and other lenders named therein (Exhibit 10.1, Form 8-K filed June 10, 2021, File No. 1-3375).
31.a	Certification by Chief Executive Officer of Dominion Energy South Carolina, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.b	Certification by Chief Financial Officer of Dominion Energy South Carolina, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.a	Certification to the Securities and Exchange Commission by Chief Executive Officer and Chief Financial Officer of Dominion Energy South Carolina, Inc. as required by Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101	The following financial statements from Dominion Energy South Carolina, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, filed on August 6, 2021, formatted in iXBRL (Inline eXtensible Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income (Loss), (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Changes in Common Equity, and (v) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in iXBRL (Inline eXtensible Reporting Language) and contained in Exhibit 101).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOMINION ENERGY SOUTH CAROLINA, INC.
(Registrant)

By: /s/ Michele L. Cardiff
Michele L. Cardiff
Senior Vice President, Controller and Chief Accounting Officer

Date: August 6, 2021

Exhibit 31.a

I, Diane Leopold, certify that:

1. I have reviewed this report on Form 10-Q of Dominion Energy South Carolina, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2021

/s/ Diane Leopold

Diane Leopold
Chief Executive Officer

Exhibit 31.b

I, James R. Chapman, certify that:

1. I have reviewed this report on Form 10-Q of Dominion Energy South Carolina, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2021

/s/ James R. Chapman

James R. Chapman
Executive Vice President,
Chief Financial Officer and Treasurer

Exhibit 32.a

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Dominion Energy South Carolina, Inc. (the “Company”), certify that:

1. the Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (the “Report”), of the Company to which this certification is an exhibit fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)).

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of June 30, 2021, and for the period then ended.

/s/ Diane Leopold

Diane Leopold
Chief Executive Officer
August 6, 2021

/s/ James R. Chapman

James R. Chapman
Executive Vice President,
Chief Financial Officer and Treasurer
August 6, 2021