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VIA Electronic Filing

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: ER16-2492-000
South Carolina Electric & Gas Company, Rate Schedule No. 33, Amended and
Restated Interchange Agreement between South Carolina Electric & Gas Company
and South Carolina Public Service Authority**

Dear Secretary Bose:

Herein South Carolina Electric & Gas Company ("SCE&G") responds to the Commission's letter dated October 21, 2016, issued pursuant to 18 C.F.R. § 375.307 in the above docket, and requesting additional information to accept SCE&G's filing of its Amended and Restated Interchange Agreement.

I. Background

On January 1, 1975, SCE&G and the South Carolina Public Service Authority ("Santee Cooper") entered into an Agreement for "utilizing existing [transmission-to-transmission] interconnections and future [transmission-to-transmission] interconnections in order to coordinate the operation of the respective generation, transmission and substation facilities to the mutual advantage of both parties. . ." and to "provide an updated Agreement for fixing the terms and conditions upon which the interchange of power and energy can be effected." See p. 1 of this Agreement attached hereto as Exhibit A.

The character and nature of the Agreement was to permit the parties to utilize existing and future interconnections between the two utility companies' transmission systems. In Article I, the Agreement expressly provides: "the purpose of the Agreement is to provide means for utilizing existing interconnections and future interconnections in order to coordinate the operation of the respective generation, transmission, and substation facilities. . ." See Agreement at p. 2 (emphasis added). Again, in Article III the Agreement provides: "Electric capacity and energy as is provided for hereunder shall be delivered and received at the now existing interconnection points between the facilities of [Santee Cooper] and of [SCE&G] or at any other mutually agreeable new point or points. . ." See Agreement at p. 3 (emphasis added).

Article VI of the Agreement establishes transmission-to-transmission interconnection facilities of the respective parties that "are or will be utilized in carrying out the provisions of the schedules under this Agreement." See Agreement at p. 5 (emphasis added). In the original Agreement the parties distinguished between "Existing Facilities" and "Proposed Facilities." Under the "Proposed Facilities" the parties listed facilities/interconnections that the parties were proposing for the future, but the decision to construct such facilities may not have been final. In other words, the facilities were proposed or considered.

Just as the Agreement expressly provides and addresses existing and future interconnection points, the Agreement defines existing and proposed delivery points. Article IX, Delivery Points and Metering, stated, "Unless otherwise agreed, the delivery points for power and energy hereunder shall be the interconnection points described in Article VI as existing or proposed interconnections." See Agreement at p. 17 (emphasis added).

The Agreement also provides for Service schedules and their amendments thereto. See Article VII at p. 15. Article VII, Service to be Rendered, provides "The power to be supplied by each party to the other hereunder, the terms and conditions of such supply, and settlement therefor shall be in accordance with arrangements agreed upon from time to time between the parties. Such arrangements shall be set up in the form of Service Schedules, each of which, when signed by Authorized officials of the parties hereto, shall become a part of this Agreement. . ." The Service Schedules to the Agreement have been amended from time-to-time but there have been no amendments since the effective date of Order No. 888. Since the May 10, 1996 effective date the Schedules have been and are as follows:

- Service Schedule A—Reserve—provides the services and corresponding rates each party will provide to the other in the event of an emergency loss of a resource;
- Service Schedule B—Short Term Power—provides the rates, terms and conditions for requesting and providing short term power;
- Service Schedule C—Limited Term Power—provides the rates, terms and conditions for requesting and providing limited term power;
- Service Schedule E—Economy Energy—provides the rates, terms and conditions for requesting and providing economy energy; and
- Service Schedule F—Other Energy—provides the rates, terms and conditions for requesting and providing energy that is available from surplus capacity on its own system and/or from sources outside its own system that can be utilized for short intervals by the other party.

These Schedules were all previously filed and accepted by the Commission. SCE&G and Santee Cooper made no material changes to these Schedules in the August 26, 2016 filing. There were only two non-substantive and non-material changes made in the Schedules and those were made to promote clarity and internal consistency. The first change was only to Schedules A, B and C, and it was to remove the reference to when the schedules “shall become effective” since the schedules had been in effect since before Order No. 888. The other change made to all schedules was to change “party” to “Party” for internal consistency.

In the August 26, 2016 filing, the parties to the Interchange Agreement updated the agreement to document additional points of transmission interconnection between SCE&G and Santee Cooper and provide additional definition regarding the parties’ rights and respective obligations largely relating to how each party will maintain its facilities or discharge its duties under the Interchange Agreement. The remaining modifications were largely ministerial to promote internal consistency and clarity. The August 26 filing does not modify or amend services available under the Agreement.

II. Questions Presented By The Commission’s October 21, 2016 Correspondence

- Q. Please clarify whether service under the Amended Interchange Agreement will be provided pursuant to the rates, terms and conditions of SCE&G’s OATT.
- A. SCE&G and Santee Cooper intend to provide service under this Agreement, which includes Schedules A through F, as described above. These services are pre-Order No. 888 services, which are currently in effect and have not been modified in any way that changes the character or nature of service provided for in the Agreement.
- Q. Please justify how the continued use of bundled service over existing and new interchange connection points, as reflected in modifications to the Amended Interchange Agreement, conforms with the requirements of Order No. 888.
- A. As outlined above, the Agreement expressly allows for “future” or new interconnection points. Therefore, SCE&G submits the documentation of the new interconnection points in the Agreement is not a “modification” to the Agreement. To illustrate this point, consider the situation where the parties desire to eliminate an interconnection point that is identified in this Agreement. The Agreement allows SCE&G and Santee Cooper to eliminate a point of interconnection. See Article of 6.5 of the Agreement at p. 14. If the parties acted pursuant to Article 6.5 and eliminated a point of interconnection, the parties would still update the points of interconnection documented in this Agreement. SCE&G respectfully submits that just as the act of eliminating a interconnection point and updating the Agreement to reflect that would not be a modification because this action is specifically addressed in the Agreement, neither is the documentation of future points of interconnection.

However, assuming these additions are “modifications,” minor modifications, such as those proposed in the August 26th submission, are permitted by Order No. 888. As

noted in the Commission’s letter, “[i]n Order No. 888, the Commission ruled that a customer may continue to receive transmission service under an existing transmission agreement (executed prior to July 9, 1996) until the agreement is modified or expires. . .” The Commission further clarified its statement in subsequent Orders, allowing modifications where the modifications do not affect the “character or nature of the service” under the original agreement. *S. Cal. Edison Co.*, 148 FERC ¶ 61,120, 61,651 (2014). In *Louisville Gas & Elec. Co.*, 101 FERC ¶ 61,182 (2002), the Commission permitted revisions to two grandfathered transmission contracts to reflect additional expenses incurred as a result of the company’s participation in the Midwest Independent System Operator. In *Southern California Edison Co.*, 120 FERC ¶ 61,101 (2007), the Commission permitted revisions to the rates of a grandfathered agreement to incorporate unforeseen costs that resulted from SoCal becoming a scheduling coordinator in the California Independent System Operator Corporation.

The revisions to the Agreement proposed by SCE&G in the August 26, 2016 filing are limited and do not alter or amend the “character or nature” of the services under the Agreement. The two companies are not adding new transmission services. Rather, pursuant to and consistent with Articles I, III, VI, and IX of the Agreement, SCE&G and Santee Cooper are documenting future points of interconnection. Those sections of the Agreement expressly contemplate and specifically allow the addition of the new transmission-to-transmission interconnection points.

- Q. Please explain why SCE&G should not be required to provide the services described in the Amended Interchange Agreement under the rates, terms and conditions of SCE&G’s OATT.
- A. SCE&G respectfully submits that the August 26th filing does not alter the transmission services set forth in the Agreement. SCE&G and Santee Cooper have merely documented in the Agreement additional facilities to their respective systems, consistent with the Agreement. The parties have also clarified how each will maintain its facilities. For example, in Article 6.4 of the Agreement as modified in the August 26th filing, the parties clarified the “Operation and Maintenance of Interconnections” which specifies how each party shall maintain their facilities. These amendments are not amendments that effect the nature or character of the service under the original Agreement. The services provided for in the Agreement have not been altered or amended and certainly not in a way that changes the character and nature of the services.
- Q. Please explain if the modification in article 9.1 indicates that you intend to continue grandfathered service for all future interconnection points. If so, how does this continued service conform to the unbundling requirements under Order No. 888?
- A. SCE&G and Santee Cooper intend to continue only those limited grandfathered services that are provided for in the Agreement for all future interconnection points that created consistent with the Agreement. SCE&G assumes the focus of this question is on its proposal to substitute the word “proposed” with the word “future.” SCE&G and

Santee Cooper proposed the change to promote consistency and to clarify that the parties will document in the Agreement “future” points of interconnection where there has been a final decision to move forward with construction of a facility(s). In Article I, the Agreement refers to “existing interconnections and future interconnections.” This modification makes Article IX consistent with Article I. Finally, SCE&G and Santee Cooper believed “proposed” could be construed as points of interconnection that may be evaluated and even discussed with stakeholders in their respective planning processes but no formal decision to actually construct has been made. Thus, the parties felt it was helpful to clarify this point and make clear that delivery points refer to a more definite point of transmission-to-transmission interconnection. SCE&G is happy to maintain the term “proposed” and strike the term “future.” The distinction is subtle and largely offered to promote consistency and clarity.

III. Conclusion

SCE&G hopes the above clarifies the nature of the August 26th filing and the Commission will accept its filing. SCE&G renews its request that the Commission grant any and all waivers necessary to accept this Agreement. If there are any further questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

J. Ashley Cooper

J. Ashley Cooper

Attorney for

South Carolina Electric & Gas Company

Exhibit A

43659

INTERCHANGE AGREEMENT

BETWEEN

SOUTH CAROLINA ELECTRIC & GAS COMPANY

AND

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

This Agreement made and entered into this 1st day of January, 1975, by and between the SOUTH CAROLINA PUBLIC SERVICE AUTHORITY, a body corporate and politic duly created under the laws of the State of South Carolina, hereinafter sometimes referred to as "Authority," and the SOUTH CAROLINA ELECTRIC & GAS COMPANY, a corporation organized and existing under the laws of the State of South Carolina, hereinafter sometimes referred to as "Company."

WITNESSETH

WHEREAS, the Company and the Authority desire to provide an updated Agreement for utilizing existing interconnections and future interconnections in order to coordinate the operation of the respective generation, transmission and substation facilities to the mutual advantage of both parties, and

WHEREAS, the parties desire to provide an updated Agreement for fixing the terms and conditions upon which the interchange of power and energy can be effected, and

WHEREAS, the parties desire for this Agreement to supersede the Agreement dated March 27, 1959, and all other existing agreements

between the parties, which are provided for herein, for interchange of power and energy.

NOW THEREFORE, in consideration of the above premises and of the mutual benefits from the covenants herein set forth, the parties hereby agree as follows:

ARTICLE I

PURPOSE

1.1 The purpose of this Agreement is to provide means for utilizing existing interconnections and future interconnections in order to coordinate the operation of the respective generation, transmission and substation facilities to the mutual advantage of both parties.

To fully realize these advantages, Authority and Company mutually agree to appoint authorized representatives to be known as the "Operating Representatives" and further agree to establish certain service schedules to govern the transactions between the two parties. It is the intent that neither system shall be a burden or expense to the other, and the Operating Representatives shall work out equitable arrangements, if such should develop.

ARTICLE II

DURATION OF AGREEMENT

2.1 Duration - This Agreement shall become effective on the date hereof and shall continue in effect until terminated on April 30 of any year by either party upon written notice given to the other not less than four years in advance of the date of termination specified therein; provided, that no such termination shall be effective prior to April 30, 1990.

ARTICLE III

DELIVERY POINT

3.1 Electric capacity and energy as is provided for hereunder shall be delivered and received at the now existing interconnection points between the facilities of Authority and of Company or at any other mutually agreeable new point or points, such point or points to be designated and hereinafter referred to as the "Delivery Point."

Each party shall have installed on its system the load and frequency control, communication, and telemetering equipment adequate for handling the power interchange capability of the interconnections and the extent and character of such equipment shall be in accordance with good engineering practice. Each party shall cooperate in the coordination of such equipment and the establishing of operating procedures so as to obtain the best practical interconnected operation of the systems of the parties.

ARTICLE IV

DELIVERIES UNDER OTHER CONTRACTS

4.1 Delivery by Company or Authority of firm capacity under any contract between the parties hereto shall take precedence over the deliveries by Company or Authority under this contract, provided, however, in the event delivery is being made under said contract, delivery under this contract will not be required in excess of the capacity of the interconnection facilities available.

ARTICLE V

OPERATING REPRESENTATIVES

5.1 In order that the advantages to be derived hereunder may be realized by the parties to the fullest practicable extent, the parties shall name authorized representatives to be known as the Operating Representatives who shall coordinate the operations between the systems. Each of the parties shall designate, in writing delivered to the other party, the person who is to act as its representative (and the person or persons who may serve as alternate whenever such representative is unable to act). Such representatives and alternates shall be persons familiar with the generating, transmission, and substation facilities of the system of the party by which they have been so designated, and each shall be fully authorized to cooperate with the other representative (or alternate) and from time to time as the need arises, subject to the declared intentions of the parties herein set forth and to the terms hereof and the terms of any other agreements then in effect between the parties, to determine and agree upon the following:

- (a) All matters pertaining to the coordination of maintenance of the generating and transmission facilities of the parties.
- (b) All matters pertaining to the control of energy flow, kilovar flow, spinning reserve, voltage, and other similar matters bearing upon the satisfactory synchronous operation of the systems of the parties; and
- (c) Such other matters not specifically provided for herein upon which cooperation, coordination and agreement are necessary in order to carry out the

purposes and provisions of this Agreement and
and the transactions herein contemplated.

ARTICLE VI

FACILITIES

6.1 All present interconnection facilities of the respective parties will be utilized in carrying out the provisions of the schedules under this Agreement. In addition to the foregoing facilities, the parties will endeavor to establish by date stipulated in this Agreement proposed interconnections as set forth in Article VI, Section 6.3.

6.2 Existing Facilities

(a) Faber Place 115 kV Interconnection

Company did construct and owns an interconnection circuit which connects its Faber Place 115 kV substation to the Authority's existing 115 kV Marsh Line. The Company's portion of the circuit is approximately 700 feet in length and has three conductors that are 795 MCM ACSR. Company did construct at its Faber Place 115 kV substation a 115 kV bus with a 115 kV line terminal, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with the Authority's and the Company's 115 kV relaying. Company also installed 115 kV interconnection metering which includes kilowatt-hour metering and kilovar-hour metering and kilowatt and kilowatt-hour telemeter transmitters as well as such communication channels as required for operation of the interconnection. The Company's kilowatt hour meters shall be used for official billing.

Company also constructed and owns an interconnection circuit which connects its Faber Place 115 kV substation to the Authority's

Jefferies-Faber Place 115 kV line at a deadend structure adjacent to the Company's Faber Place substation. The Company's portion of this circuit is approximately 400 feet in length and has three conductors that are 795 MCM ACSR. Company did construct a line terminal to terminate the Authority's Jefferies-Faber Place 115 kV line, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with Authority's relaying equipment. The Authority and Company did share equally the cost of the 115 kV line terminal for the Jefferies-Faber Place line at Faber Place substation and appropriate metering per Company's drawing F-13675, Rev. 1; however, the Company is the sole owner of the line terminal and associated equipment. If this interconnection point should be abandoned, before February 21, 1984, Company shall pay the Authority \$29,814.62, which is one half of the amount of Authority's original investment of \$59,629.24 as invoiced by Company Invoice #C116, dated March 31, 1971. If abandoned at any time after February 21, 1984, no payment shall be made.

The Authority, at its own expense, constructed a 115 kV line, on a right-of-way provided by it one (1), three-phase, 115 kV transmission circuit from its Jefferies 115 kV substation to a deadend structure adjacent to the Company's Faber Place substation. The circuit is approximately 30 miles in length and has three conductors that are 795 MCM ACSR. The Authority provided telemetering equipment for its own use in operating this interconnection.

(b) St. George 115 kV Interconnection

The Authority, at its own expense, constructed one (1), three-phase, 115 kV transmission circuit from its St. George 115 kV

substation to the Company's St. George 115 kV substation. The circuit approximately three hundred seventy (370') feet in length has three conductors that are 795 MCM ACSR. The Authority did install at its St. George Substation one 115 kV circuit breaker complete with a disconnect switch on each side of the breaker and protective relaying equipment and interconnection metering including kilowatt-hour, graphic kilowatt meter and kilowatt and kilowatt-hour telemeter transmitters as well as such communication channels as required by it for operation of this interconnection and for microwave communication exchange. This telemetering transmitting equipment shall have separate signal output terminals for interconnection telemetering suitable for use by Company and Authority. The Authority's kilowatt-hour meter shall be used for official billing.

Company did provide a bay for attaching the Authority's line to the Company's 115 kV bus. Company did install kilowatt-hour and kilowatt-hour check meters and suitable communication channels for the communication, the telemetering and relaying required by it for operation of this interconnection. Also, the Company installed necessary local supervisory control equipment in the Authority's St. George substation so that Company could operate Authority's circuit breaker by remote control.

(c) Lyles 115 kV Interconnection

Authority constructed on a right-of-way provided by it, two (2) three phase, 115 kV transmission circuits from its existing Pinewood-Columbia-Batesburg 115 kV transmission line to the Company's Lyles 115 kV substation. Each circuit, approximately three (3) miles in length, is three conductors of 477 MCM ACSR. These circuits are parallel one to the other and are constructed on a combination of single

circuit, double circuit and steel tower structures. The Authority provided kilowatt and kilowatt-hour telemetering transmitters. This telemetering transmitting equipment has separate signal output terminals for interconnection telemetering suitable for use by Company and Authority.

Company installed at its Lyles substation a 115 kV bus with two 115 kV transmission line terminals and two 115 kV circuit breakers complete with disconnect switch on each side of each circuit breaker and protective relaying equipment compatible with Authority's relaying equipment so as to loop Authority's Pinewood-Columbia-Batesburg 115 kV line through the Company's Lyles 115 kV substation; thus, forming two circuits; namely, Lyles-Pinewood and Lyles-Columbia. Company also installed 115 kV interconnection metering which included kilowatt-hour and kilovar-hour metering as well as such communication channels as required for operation of the interconnection. The Company's kilowatt-hour meter shall be used for official billing.

(d) Clark Hill Interconnection

Interconnection was made between the Authority and Company at Clark Hill through the Corps of Engineers' terminal facilities.

Authority did provide necessary telemetering equipment as well as necessary communications for the operation of this interconnection.

Company provided kilowatt and kilowatt-hour telemetering and necessary communication channels for the operation of this interconnection. The Corps of Engineers provided the official kilowatt-hour billing meter.

The Authority leases to the Company the southerly or downstream one-half of two double circuit electric transmission towers and footings located in McCormick County, State of South Carolina, near the switchyard of the Clark Hill Project. Said towers are known as Tower 3, located approximately 266.7 feet from the bay of the aforesaid Clark Hill Project, and Tower 4 located approximately 848.4 feet from the bay of the aforesaid Clark Hill Project.

The term of this lease commenced on November 10, 1960, and subject to the provisions hereinafter contained will continue in effect so long as this Interchange Agreement between the parties and any extension thereof is in effect.

The Company shall pay the Authority rental annually in advance at the rate of \$784.00 per annum. Rental for portions of a year shall be apportioned on a 365-day basis.

The Authority shall maintain the said towers, and shall have exclusive use of the northerly or upstream side thereof.

The Company shall have exclusive use of the southerly or downstream one-half of said towers. The Company shall maintain, repair, operate and remove all of its facilities at its sole cost and expense.

The Company shall have the right to remove all facilities installed by it at any time during the term of this Lease, or within thirty(30) days thereafter. All property of the Company not removed within thirty (30) days after any termination of this Lease shall become the property of the Authority.

All rights granted to the Company hereunder shall be

subject and subordinate to the terms of the "Easement for Right-of-Way," dated November 17, 1953, from the Secretary of the Army to the Authority hereunder, and all regulations and requirements which may be issued by the United States pursuant thereto. In the event that any action or requirement of the United States substantially and adversely affects the maintenance or use of said towers either party may terminate this Lease by giving thirty (30) days advance written notice of such intention to the other party.

6.3 Proposed Facilities

(a) Arthur M. Williams 230 kV Interconnection

The Authority shall construct on a right-of-way provided by it, one three phase, 230 kV transmission circuit from its Jeffries 230 kV switching station to a point where the Company's right-of-way corridor from its A. M. Williams 230 kV substation intersects with the Seaboard Coast Line Railroad adjacent to State Highway #9. This circuit is approximately 16.5 miles in length and shall consist of three (3) conductors, no smaller than 1272 MCM ACSR. The Authority shall provide suitable communications channels for the communication, telemetering and operation of this interconnection. Authority shall install at its Jefferies 230 kV switchyard a 230 kV bus with a 230 kV line terminal, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with the Company's.

Company shall construct on a right-of-way provided by it one (1) three phase, 230 kV transmission circuit from its Arthur M. Williams 230 kV substation to a point where the Company's right-of-way corridor intersects with the Seaboard Coast Line Railroad right-of-way adjacent to State Highway #9. The circuit, approximately 3.5 miles in length, shall consist of three (3) conductors not smaller than 1272 MCM ACSR.

Company shall install at its Arthur M. Williams substation a 230 kV bus with a 230 kV line terminal, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with the Authority's.

Interconnection metering including kilowatt-hour, kilovar-hour meters and kilowatt-hour and kilowatt telemetering transmitting equipment shall be installed by Company at the A. M. Williams Substation. This telemetering transmitting equipment shall have separate signal output terminals for interconnection telemetering suitable for use by Company and Authority. The Company's kilowatt-hour meter shall be the official billing meter. The Company and Authority shall exercise due diligence for the construction of these facilities to complete this interconnection no later than December, 1975.

(b) Virgil C. Summer 230 kV Interconnection

The Joint Ownership Agreement between Company and Authority for the Virgil C. Summer Substation, Unit No. 1, in

Section 14.01, entitled "Delivery of Project Output" states "Each party shall bear all costs of acquiring and installing its 230 kV transmission lines and switching facilities for connecting its transmission systems to the Project Substation or use mutually agreed to interconnection points to provide for delivery of Project Output."

In conformity with the Joint Ownership Agreement, the Authority shall construct one (1) three phase, 230 kV transmission circuit from its Blythewood Substation to the Virgil C. Summer 230 kV substation, approximately 20 miles in length; and, one (1) three phase, 230 kV transmission circuit from its Newberry 230 kV substation to Virgil C. Summer Substation, approximately 15 miles in length. Each 230 kV line shall have three (3) conductors not smaller than 1272 MCM ACSR. Authority shall provide suitable communication channels for the communication, telemetering and relaying as required by it for the operation of these two interconnections.

Company shall purchase and install for the Authority at the Virgil C. Summer Substation two (2) 230 kV circuit breakers and their associated structures, foundation, disconnect switches, protective relaying and carrier equipment, meters and controls, all hereafter referred to as the 230 kV circuit breakers and associated equipment. One (1) circuit breaker shall be connected to the Authority's Blythewood-Virgil C. Summer 230 kV transmission circuit, and one (1) circuit breaker connected to the Authority's Newberry-Virgil C. Summer 230 kV transmission circuit. Each circuit breaker shall have a disconnect switch on each side and the

protective relaying equipment will be compatible with the associated 230 kV relaying equipment on the Authority's system.

Upon completion, Authority shall pay Company the installed cost of the two (2) 230 kV circuit breakers and their associated equipment. Authority shall own the circuit breakers and associated equipment and shall bear all cost of replacement or renewal of said circuit breakers as a result of loss or damage due to malfunctions, weather, failure of other substation equipment or any causes inherent in the operation of this equipment.

If Authority elects for Company to perform operation and maintenance on these two oil circuit breakers and associated equipment hereunder, Authority shall pay Company a monthly operation and maintenance cost in accordance with a formula or a prescribed amount, such amount to be subject to adjustments by Company, with prior notice and approval by Authority. Authority or Company may discontinue this maintenance agreement at any time upon 30 days written notice to the other party. In the case of extraordinary maintenance resulting from loss of a major component, such as a bushing, interrupter or disconnect switch or any other damage to these 230 kV circuit breakers or associated equipment, under the condition where the Company is responsible for the maintenance of said circuit breakers, Authority will pay Company all costs in excess of \$1,000.00 required to restore equipment to its original condition for each occurrence of extraordinary maintenance during any calendar year.

Interconnection metering including kilowatt-hour, kilovar-hour meters and kilowatt-hour and kilowatt telemetering transmitting equipment shall be installed by Company at the Virgil C. Summer Substation. This telemetering transmitting equipment shall have separate signal output

terminals for interconnection telemetering suitable for use by Company and Authority. Such metering and telemetering transmitting equipment will be part of "Project Substation" as defined in Section 1.18 of the "Virgil C. Summer Joint Ownership Agreement." Such kilowatt-hour metering will be used for official billing.

6.4 Operation and Maintenance of Interconnections

Authority, at its expense, shall operate, maintain and replace as required all of its facilities described in Section 6.2 and 6.3 (a). Company, at its own expense, shall operate, maintain, and replace as required all of its facilities as described in Section 6.2 and 6.3 (a). The installation and maintenance of transmission facilities described in Section 6.2 (d) entitled "Clark Hill Interconnection" and 6.3(b), entitled "Virgil C. Summer Interconnections," shall be as provided for thereunder. Each of the parties shall maintain in operable condition its facilities required for the effective use of the interconnections for the purpose herein provided.

6.5 Elimination of Interconnection

If, in the judgment of either party hereto, it is anticipated that conditions will develop such that the continuation of any interconnections specified in Article VI hereof will place a burden on either party's system, the parties will cooperate in making studies to arrive at a mutually agreeable solution. If, after a period of six (6) months, a mutually agreeable solution cannot be reached, the party whose system is so affected shall have the right to discontinue such interconnection three (3) years after giving notice.

ARTICLE VII

SERVICE TO BE RENDERED

7.1 Service Schedule

The power to be supplied by each party to the other hereunder, the terms and conditions of such supply, and settlement therefor shall be in accordance with arrangements agreed upon from time to time between the parties. Such arrangements shall be set up in the form of Service Schedules, each of which, when signed by Authorized officials of the parties hereto, shall become a part of this Agreement for the term hereof or for such shorter term as may be provided in the Service Schedule. The following Service Schedules are hereby agreed to initially and attached as parts hereof:

Service Schedule A - Emergency Assistance

Service Schedule B - Energy Interchange

ARTICLE VIII

SERVICE CONDITIONS

8.1 Operation of Systems in Parallel

The Authority's system and the Company's system shall be and shall remain interconnected at the interconnection points described in Article VI hereof, insofar as this can be done in the opinion

of each party and subject to provision in Section 6.5, without jeopardy to its system or to service to its customers.

8.2 Control of System Disturbances

Insofar as practicable Company and Authority shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service in the other's system or in any system interconnected therewith.

8.3 Spinning Reserves

Insofar as practicable each system shall provide amounts of spinning reserve capacity so that neither the Company's system nor the Authority's system will impose disproportionate load swings upon the other or make disproportionate demands upon the other for assistance in meeting the normal contingencies of power system operation.

8.4 Kilovar Exchange

It is intended that neither party shall impose an undue burden on the other with respect to the flow of kilovars. The Operating Representatives (provided for under Section 5.1) shall establish from time to time mutually satisfactory voltage schedules and kilovar supply arrangements.

8.5 Determination of Amounts of Power Supplied

The amounts of power being supplied hereunder by one party to the other under each Service Schedule, and under any other transaction between the Company's and the Authority's system from time to time arranged, shall be the amounts scheduled by the parties' Operating Representatives or persons designated by them. The parties

shall operate their respective system in such a manner as to make the actual net deliveries of power and energy as nearly equal as practicable to the scheduled net deliveries. Any difference between scheduled net deliveries and actual net deliveries shall be accounted for according to procedures for loop operation as approved by the Operating Representatives, and such differences shall be settled by appropriate compensatory deliveries in accordance with established utility practice.

8.6 Transmission Losses

The transmission losses associated with the transmission of capacity and energy under this agreement, either on the system of the supplying party or on the system of a third party which may be supplying the capacity and energy to the supplying party hereunder for resale to the receiving party, will be borne by the receiving party. Compensation for losses, when requested by the supplying party hereunder, will be accomplished by scheduling coincidental delivery of loss compensation.

ARTICLE IX

DELIVERY POINTS AND METERING

9.1 Delivery Points

Unless otherwise agreed, the delivery points for power and energy hereunder shall be the interconnection points described in Article VI as existing or proposed interconnections.

9.2 Metering and Metering Facilities

The power and energy transactions over the system

interconnection points hereunder shall be measured and accounted for at the delivery points herein provided for or hereafter established for the respective system interconnection points. At the metering points for such system interconnections, each party shall, at its own expense, maintain its own meters and shall provide, install, own and maintain any additional meters necessary in its judgment to determine the amounts of power and energy delivered through such interconnection points. Each party shall have the right to install, at its own expense, check-metering equipment in suitable space provided without charge by the party owning the metering equipment. Should either party's meters fail to register for any period, the deliveries during such period shall be determined from the other party's meters or from the best information available.

9.3 Inspecting and Testing of Meters

Each party shall, at its own expense, make periodic tests and inspections of its metering equipment at intervals agreed upon by the Operating Representatives to maintain a high standard of accuracy, but not less than annually. If requested by either party, the other party shall make additional tests and inspections of its metering equipment; if such additional tests show that the measurements are accurate within one percent (1%) fast or slow, the cost of making such additional tests or inspections shall be paid by the party requesting such additional tests or inspections. Each party shall give the other party reasonable notice of all tests so that it may have a representative present if it wishes.

9.4 Billing Adjustment

If any tests or inspections under Section 9.3 of this Agreement show either party's measurements to be inaccurate by more than one percent, an offsetting adjustment shall be made in the party's billings or statements for any known or agreed period of inaccuracy; in the absence of such knowledge or agreement, the adjustment shall be limited to thirty days prior to the date of such tests. Any metering equipment found to be inaccurate by more than one percent shall be promptly replaced, repaired, or readjusted by the party owning such defective metering equipment.

ARTICLE X

RECORDS AND STATEMENTS

10.1 Records

Each party shall keep such records as may be needed to afford a clear history of the various deliveries of electric energy made by one party to the other and of the hourly integrated demands in kilowatts delivered by one party to the other. In maintaining such records, the parties shall effect such segregations and allocations of capacity and energy into classes representing various services and conditions as may be needed in connection with settlements under this Agreement. When and to the extent requested, copies of the records shall be delivered promptly to the other party.

10.2 Statements

As promptly as practicable after the first day of each

calendar month, the parties shall cause to be prepared a statement setting forth the capacity and energy transactions between the parties during the preceding month in such detail and with such segregations as may be needed for operating records or for settlements under the provisions of this Agreement. Any such statement prepared by one party shall be made available to the other party.

ARTICLE XI

BILLING AND PAYMENT

11.1 Monthly Bills

Monthly bills for amounts owed by one party to the other shall be rendered by the party to whom a payment is due, and such bills shall be due and payable on the twentieth day of the month next following the monthly or other period to which such bills are applicable or on the tenth day following the receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue at the rate of two thirds of one percent (2/3%) per month from the date due until the date upon which payment is made.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Continuity of Service

Each party shall exercise reasonable care to maintain continuity of service in the delivery and receipt of capacity and energy

under this Agreement. If continuity of service becomes interrupted for any reason, the cause of such interruption shall be removed and normal operating conditions restored as soon as practicable. Neither party shall be responsible to the other party for any damage or loss of revenue caused by any such interruption.

12.2 Access to Property and Facilities

For the purpose of inspection and reading of meters, checking of meter records, and relevant matters, duly authorized representatives of each party shall have access during reasonable hours to the premises and facilities of the other party used in connection with the performance of this Agreement.

12.3 Force Majeure

Each party shall exercise due diligence and reasonable care to maintain continuity of service in the delivery and receipt of energy as provided for in this Agreement, but neither party shall be considered to be in default in respect to any obligation by reason of or through strike, stoppage in labor, failure of contractors, suppliers of material, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any court or judge granted in any bona fide legal proceedings or action, order of any civil authority, or military, either de facto or de jure, explosion, act of God, or the public enemies, or any cause reasonably beyond its control, and not attributable to its neglect.

12.4 Responsibility and Indemnification

Neither party hereto shall be responsible for injury or damage to any apparatus or property of the other and the one delivering power shall not be responsible for electric capacity and energy after delivery by it to the other at the point of delivery. Each party hereto expressly agrees to indemnify and save harmless, and defend the other against all claims, demands, costs or expense for loss, damage or injury to persons or property in any manner directly or indirectly connected with or growing out of the generation, transmission or use of electric capacity and energy on its (the indemnifying party's) own side of the point of delivery hereunder; provided, however, that each party hereto, insofar as the other party hereto is concerned, shall in all cases be responsible for damage or injury to its own employees to the extent compensation benefits are payable therefor under any Workmen's Compensation Law, and each party expressly agrees to indemnify and save harmless the other from all claims of such employees to this extent.

12.5 Arbitration

In the event of disagreement between the parties with respect to (1) any matter herein specifically made subject to arbitration, (2) any question of operating practice involved in the deliveries of power herein provided for, (3) any question of fact involved in the application of the provisions of this Agreement, or (4) the interpretation of any provision of this Agreement, the matter involved in the disagreement shall, upon demand of either party, be submitted to arbitration in the manner

hereinafter provided. An offer of such submission to arbitration shall be a condition precedent to any right to institute proceedings at law or in equity concerning such matter.

The party calling for arbitration shall serve notice in writing upon the other party, setting forth in detail the subject or subjects to be arbitrated, and the parties thereupon shall endeavor to agree upon and appoint one person to act as sole arbitrator. If the parties fail so to agree within a period of fifteen days from the receipt of the original notice, the party calling for the arbitration shall, by written notice to the other party, call for appointment of a board of arbitrators skilled with respect to matters of the character involved in the disagreement, naming one arbitrator in such notice. The other party shall, within ten days after the receipt of such call, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other party fails to appoint an arbitrator within said ten days, or in case the two so appointed fail for ten days to agree upon and appoint a third, the party calling for the arbitration, upon five days' written notice delivered to the other party, shall apply to the person who at the time shall be the Chief Judge of the United States District Court for the District of South Carolina, for appointment of the second or third arbitrator, as the case may be.

The sole arbitrator, or the board of arbitrators, shall afford adequate opportunity to the parties to present information with respect to the question or questions submitted for arbitration and may request further information from either or both parties. The findings

and award of the sole arbitrator or of a majority of the board of arbitrators shall be final and conclusive with respect to the question or questions submitted for arbitration and shall be binding upon the parties. Each party shall pay for the services and expense of the arbitrator appointed by or for it, if there be a board of arbitrators, and all other costs incurred in connection with the arbitration shall be paid in equal parts by the parties hereto, unless the award shall specify a different division of the costs.

12.6 Right to Maintain Suit

Either party shall have the right to maintain suit at any time for any loss or claim that may previously have occurred or arisen hereunder without waiting until expiration of the term of this Agreement or of any Service Schedule hereunder and without losing or waiving any right to maintain suit for subsequent losses or claims occurring or arising during the term of this Agreement, and recovery in any such suit shall not be deemed as splitting the cause of action.

12.7 Waivers

Any waiver at any time by either party hereto of its rights with respect to the other party or with respect to any other matter arising in connection with this Agreement shall not be considered a waiver with respect to any subsequent default or matter.

12.8 Notices

Any written notice or demand required or authorized by this

Agreement shall be properly given, if mailed, postage prepaid to the President, South Carolina Electric & Gas Company, P. O. Box 764, Columbia, South Carolina, 29218 on behalf of the Company, or the General Manager, South Carolina Public Service Authority, 223 North Live Oak Drive, Moncks Corner, South Carolina, 29461, on behalf of the Authority.

The designation of the person to be so notified or the address of such person may be changed at any time and from time to time by either party by similar notice.

12.9 Regulatory Authorities

This Agreement is made subject to the jurisdiction of any governmental authority or authorities (excluding Authority) having jurisdiction.

12.10 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, but it shall not be assignable by either party without the written consent of the other party, such consent not to be unreasonably withheld, except upon foreclosure of a mortgage or deed of trust or to a successor in the operation of its properties.

12.11 Agreements Superseded

This Agreement, upon becoming effective, shall supersede any other Interchange Agreements between the Company and Authority executed prior to the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

ATTEST:

H M Bryant
Secretary

SOUTH CAROLINA ELECTRIC & GAS COMPANY

By *V C Summer*
V. C. Summer, Senior Vice President

*7/27/74
D-80*



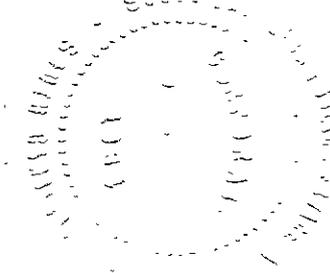
ATTEST:

L P Dorman
L. P. Dorman, Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

By *J B Thomason*
B. Thomason, General Manager

*WJ
JNC
12/27/74*



APPROVED AS
TO EXECUTION
WJ
31 Dec 74
SECRETARY

FEDERAL POWER COMMISSION
WASHINGTON, D.C. 20426

*Interconnection
S.C. Public Service Authority*

IN REPLY REFER TO:
PWR-RC
Docket No. ER76-76

**FOR YOUR INFORMATION
ROBERT S. WATERS
REID & PRIEST
WASHINGTON, D. C. OFFICE**

Reid & Priest
Attention: Mr. Robert S. Waters
Attorney for South Carolina
Electric & Gas Company
1701 K Street, N. W.
Washington, D.C. 20006

JUL 21 1977

Re: Your letters dated August 14, 1975, and May 4, 1977, submitting for filing on behalf of South Carolina Electric & Gas Company a superseding Interconnection Agreement with the South Carolina Public Service Authority.

Gentlemen:

The above rate filing submitted by your company has been accepted for filing and has been designated as shown on the Attachment.

Notice of the filing was issued on August 28, 1975, with comments, protests, or petitions to intervene due on or before September 9, 1975. No comments, protests, or interventions have been filed.

With reference to your request for waiver of the notice requirements, the Commission has found that good cause has been shown for such action pursuant to the requirements of Section 205(d) of the Federal Power Act and Section 35.11 of the Commission's Regulations thereunder and has provided that the rate schedule shall become effective January 1, 1975.

This acceptance for filing does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the rate schedule designated on the Attachment; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your company.

This acceptance for filing terminates Docket No. ER76-76.

By direction of the Commission.

Louis A. Caspell
ACTING Secretary

cc: South Carolina Electric & Gas Company

Attachment

South Carolina Electric & Gas Company
Docket No. ER76-76

Dated : (1) January 1, 1975, (2) and (3) Undated
Filed : May 5, 1977
Effective : January 1, 1975
Other Party: South Carolina Public Service Authority

<u>Designation</u>	<u>Description</u>
Rate Schedule FPC No. 33 (Supersedes FPC No. 15 as supplemented)	Interchange Agreement
Supplement No. 1 to Rate Schedule FPC No. 33	Service Schedule A - Emergency Assistance
Supplement No. 2 to Rate Schedule FPC No. 33	Service Schedule B - Energy Interchange

FEDERAL POWER COMMISSION
WASHINGTON, D.C. 20426

IN REPLY REFER TO:
PWR-RC
Docket No. ER76-76

ROUTE TO:
.....
.....
.....
.....
FILE #

FOR YOUR INFORMATION
ROBERT S. WATERS
REID & PRIEST
WASHINGTON, D. C. OFFICE

Recvd: 7-28-77
TCWR

JUL 21 1977

Reid & Priest
Attention: Mr. Robert S. Waters
Attorney for South Carolina
Electric & Gas Company
1701 K Street, N. W.
Washington, D.C. 20006

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This acceptance for filing terminates Docket No. ER76-76.

By direction of the Commission.

Lois A. Caspell
ACTING Secretary

cc: South Carolina Electric & Gas Company

Copy: H. M. Bryant

Attachment

South Carolina Electric & Gas Company
Docket No. ER76-76

Dated : (1) January 1, 1975, (2) and (3) Undated
Filed : May 5, 1977
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**FEDERAL
POWER COMMISSION**

WASHINGTON, D. C.

South Carolina Electric & Gas Co.
(Supersedes FPC No. 15)

South Carolina Service Authority

FPC ELECTRIC RATE

SCHEDULE NO. 33

FILING DATE: 5-5-77 CONFORMED COPY

EFFECTIVE DATE: 1-1-75

INTERCHANGE AGREEMENT

BETWEEN

SOUTH CAROLINA ELECTRIC & GAS COMPANY

AND

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY.

INTERCHANGE AGREEMENT
BETWEEN
SOUTH CAROLINA ELECTRIC & GAS COMPANY
AND
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

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(ADDENDA)

SERVICE SCHEDULE A

EMERGENCY ASSISTANCE

SERVICE SCHEDULE B

ENERGY INTERCHANGE

INTERCHANGE AGREEMENT

BETWEEN

SOUTH CAROLINA ELECTRIC & GAS COMPANY

AND

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

This Agreement made and entered into this 1st day of January, 1975, by and between the SOUTH CAROLINA PUBLIC SERVICE AUTHORITY, a body corporate and politic duly created under the laws of the State of South Carolina, hereinafter sometimes referred to as "Authority," and the SOUTH CAROLINA ELECTRIC & GAS COMPANY, a corporation organized and existing under the laws of the State of South Carolina, hereinafter sometimes referred to as "Company."

WITNESSETH

WHEREAS, the Company and the Authority desire to provide an updated Agreement for utilizing existing interconnections and future interconnections in order to coordinate the operation of the respective generation, transmission and substation facilities to the mutual advantage of both parties, and

WHEREAS, the parties desire to provide an updated Agreement for fixing the terms and conditions upon which the interchange of power and energy can be effected, and

WHEREAS, the parties desire for this Agreement to supersede the Agreement dated March 27, 1959, and all other existing agreements.

between the parties, which are provided for herein, for interchange of power and energy.

NOW THEREFORE, in consideration of the above premises and of the mutual benefits from the covenants herein set forth, the parties hereby agree as follows:

ARTICLE I

PURPOSE

1.1 The purpose of this Agreement is to provide means for utilizing existing interconnections and future interconnections in order to coordinate the operation of the respective generation, transmission and substation facilities to the mutual advantage of both parties.

To fully realize these advantages, Authority and Company mutually agree to appoint authorized representatives to be known as the "Operating Representatives" and further agree to establish certain service schedules to govern the transactions between the two parties. It is the intent that neither system shall be a burden or expense to the other, and the Operating Representatives shall work out equitable arrangements, if such should develop.

ARTICLE II

DURATION OF AGREEMENT

2.1 Duration - This Agreement shall become effective on the date hereof and shall continue in effect until terminated on April 30 of any year by either party upon written notice given to the other not less than four years in advance of the date of termination specified therein; provided, that no such termination shall be effective prior to April 30, 1990.

ARTICLE III

DELIVERY POINT

3.1 Electric capacity and energy as is provided for hereunder shall be delivered and received at the now existing interconnection points between the facilities of Authority and of Company or at any other mutually agreeable new point or points, such point or points to be designated and hereinafter referred to as the "Delivery Point."

Each party shall have installed on its system the load and frequency control, communication, and telemetering equipment adequate for handling the power interchange capability of the interconnections and the extent and character of such equipment shall be in accordance with good engineering practice. Each party shall cooperate in the coordination of such equipment and the establishing of operating procedures so as to obtain the best practical interconnected operation of the systems of the parties.

ARTICLE IV

DELIVERIES UNDER OTHER CONTRACTS

4.1 Delivery by Company or Authority of firm capacity under any contract between the parties hereto shall take precedence over the deliveries by Company or Authority under this contract, provided, however, in the event delivery is being made under said contract, delivery under this contract will not be required in excess of the capacity of the interconnection facilities available.

ARTICLE V

OPERATING REPRESENTATIVES

5.1 In order that the advantages to be derived hereunder may be realized by the parties to the fullest practicable extent, the parties shall name authorized representatives to be known as the Operating Representatives who shall coordinate the operations between the systems. Each of the parties shall designate, in writing delivered to the other party, the person who is to act as its representative (and the person or persons who may serve as alternate whenever such representative is unable to act). Such representatives and alternates shall be persons familiar with the generating, transmission, and substation facilities of the system of the party by which they have been so designated, and each shall be fully authorized to cooperate with the other representative (or alternate) and from time to time as the need arises, subject to the declared intentions of the parties herein set forth and to the terms hereof and the terms of any other agreements then in effect between the parties, to determine and agree upon the following:

- (a) All matters pertaining to the coordination of maintenance of the generating and transmission facilities of the parties.
- (b) All matters pertaining to the control of energy flow, kilovar flow, spinning reserve, voltage, and other similar matters bearing upon the satisfactory synchronous operation of the systems of the parties; and
- (c) Such other matters not specifically provided for herein upon which cooperation, coordination and agreement are necessary in order to carry out the

purposes and provisions of this Agreement and
and the transactions herein contemplated.

ARTICLE VI

FACILITIES

6.1 All present interconnection facilities of the respective parties will be utilized in carrying out the provisions of the schedules under this Agreement. In addition to the foregoing facilities, the parties will endeavor to establish by date stipulated in this Agreement proposed interconnections as set forth in Article VI, Section 6.3.

6.2 Existing Facilities

(a) Faber Place 115 kV Interconnection

Company did construct and owns an interconnection circuit which connects its Faber Place 115 kV substation to the Authority's existing 115 kV Marsh Line. The Company's portion of the circuit is approximately 700 feet in length and has three conductors that are 795 MCM ACSR. Company did construct at its Faber Place 115 kV substation a 115 kV bus with a 115 kV line terminal, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with the Authority's and the Company's 115 kV relaying. Company also installed 115 kV interconnection metering which includes kilowatt-hour metering and kilovar-hour metering and kilowatt and kilowatt-hour telemeter transmitters as well as such communication channels as required for operation of the interconnection. The Company's kilowatt hour meters shall be used for official billing.

Company also constructed and owns an interconnection circuit which connects its Faber Place 115 kV substation to the Authority's

Jefferies-Faber Place 115 kV line at a deadend structure adjacent to the Company's Faber Place substation. The Company's portion of this circuit is approximately 400 feet in length and has three conductors that are 795 MCM ACSR. Company did construct a line terminal to terminate the Authority's Jefferies-Faber Place 115 kV line, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with Authority's relaying equipment. The Authority and Company did share equally the cost of the 115 kV line terminal for the Jefferies-Faber Place line at Faber Place substation and appropriate metering per Company's drawing F-13675, Rev. 1; however, the Company is the sole owner of the line terminal and associated equipment. If this interconnection point should be abandoned, before February 21, 1984, Company shall pay the Authority \$29,814.62, which is one half of the amount of Authority's original investment of \$59,629.24 as invoiced by Company Invoice #C116, dated March 31, 1971. If abandoned at any time after February 21, 1984, no payment shall be made.

The Authority, at its own expense, constructed a 115 kV line, on a right-of-way provided by it one (1), three-phase, 115 kV transmission circuit from its Jefferies 115 kV substation to a deadend structure adjacent to the Company's Faber Place substation. The circuit is approximately 30 miles in length and has three conductors that are 795 MCM ACSR. The Authority provided telemetering equipment for its own use in operating this interconnection.

(b) St. George 115 kV Interconnection

The Authority, at its own expense, constructed one (1), three-phase, 115 kV transmission circuit from its St. George 115 kV

substation to the Company's St. George 115 kV substation. The circuit approximately three hundred seventy (370') feet in length has three conductors that are 795 MCM ACSR. The Authority did install at its St. George Substation one 115 kV circuit breaker complete with a disconnect switch on each side of the breaker and protective relaying equipment and interconnection metering including kilowatt-hour, graphic kilowatt meter and kilowatt and kilowatt-hour telemeter transmitters as well as such communication channels as required by it for operation of this interconnection and for microwave communication exchange. This telemetering transmitting equipment shall have separate signal output terminals for interconnection telemetering suitable for use by Company and Authority. The Authority's kilowatt-hour meter shall be used for official billing.

Company did provide a bay for attaching the Authority's line to the Company's 115 kV bus. Company did install kilowatt-hour and kilovar-hour check meters and suitable communication channels for the communication, the telemetering and relaying required by it for operation of this interconnection. Also, the Company installed necessary local supervisory control equipment in the Authority's St. George substation so that Company could operate Authority's circuit breaker by remote control.

(c) Lyles 115 kV Interconnection

Authority constructed on a right-of-way provided by it, two (2) three phase, 115 kV transmission circuits from its existing Pinewood-Columbia-Batesburg 115 kV transmission line to the Company's Lyles 115 kV substation. Each circuit, approximately three (3) miles in length, is three conductors of 477 MCM ACSR. These circuits are parallel one to the other and are constructed on a combination of single

circuit, double circuit and steel tower structures. The Authority provided kilowatt and kilowatt-hour telemetering transmitters. This telemetering transmitting equipment has separate signal output terminals for interconnection telemetering suitable for use by Company and Authority.

Company installed at its Lyles substation a 115 kV bus with two 115 kV transmission line terminals and two 115 kV circuit breakers complete with disconnect switch on each side of each circuit breaker and protective relaying equipment compatible with Authority's relaying equipment so as to loop Authority's Pinewood-Columbia-Batesburg 115 kV line through the Company's Lyles 115 kV substation; thus, forming two circuits; namely, Lyles-Pinewood and Lyles-Columbia. Company also installed 115 kV interconnection metering which included kilowatt-hour and kilovar-hour metering as well as such communication channels as required for operation of the interconnection. The Company's kilowatt-hour meter shall be used for official billing.

(d) Clark Hill Interconnection

Interconnection was made between the Authority and Company at Clark Hill through the Corps of Engineers' terminal facilities.

Authority did provide necessary telemetering equipment as well as necessary communications for the operation of this interconnection.

Company provided kilowatt and kilowatt-hour telemetering and necessary communication channels for the operation of this interconnection. The Corps of Engineers provided the official kilowatt-hour billing meter.

The Authority leases to the Company the southerly or downstream one-half of two double circuit electric transmission towers and footings located in McCormick County, State of South Carolina, near the switchyard of the Clark Hill Project. Said towers are known as Tower 3, located approximately 266.7 feet from the bay of the aforesaid Clark Hill Project, and Tower 4 located approximately 848.4 feet from the bay of the aforesaid Clark Hill Project.

The term of this lease commenced on November 10, 1960, and subject to the provisions hereinafter contained will continue in effect so long as this Interchange Agreement between the parties and any extension thereof is in effect.

The Company shall pay the Authority rental annually in advance at the rate of \$784.00 per annum. Rental for portions of a year shall be apportioned on a 365-day basis.

The Authority shall maintain the said towers, and shall have exclusive use of the northerly or upstream side thereof.

The Company shall have exclusive use of the southerly or downstream one-half of said towers. The Company shall maintain, repair, operate and remove all of its facilities at its sole cost and expense.

The Company shall have the right to remove all facilities installed by it at any time during the term of this Lease, or within thirty(30) days thereafter. All property of the Company not removed within thirty (30) days after any termination of this Lease shall become the property of the Authority.

All rights granted to the Company hereunder shall be

subject and subordinate to the terms of the "Easement for Right-of-Way," dated November 17, 1953, from the Secretary of the Army to the Authority hereunder, and all regulations and requirements which may be issued by the United States pursuant thereto. In the event that any action or requirement of the United States substantially and adversely affects the maintenance or use of said towers either party may terminate this Lease by giving thirty (30) days advance written notice of such intention to the other party.

6.3 Proposed Facilities

(a) Arthur M. Williams 230 kV Interconnection

The Authority shall construct on a right-of-way provided by it, one three phase, 230 kV transmission circuit from its Jeffries 230 kV switching station to a point where the Company's right-of-way corridor from its A. M. Williams 230 kV substation intersects with the Seaboard Coast Line Railroad adjacent to State Highway #9. This circuit is approximately 16.5 miles in length and shall consist of three (3) conductors, no smaller than 1272 MCM ACSR. The Authority shall provide suitable communications channels for the communication, telemetering and operation of this interconnection. Authority shall install at its Jefferies 230 kV switchyard a 230 kV bus with a 230 kV line terminal, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with the Company's.

Company shall construct on a right-of-way provided by it one (1) three phase, 230 kV transmission circuit from its Arthur M. Williams 230 kV substation to a point where the Company's right-of-way corridor intersects with the Seaboard Coast Line Railroad right-of-way adjacent to State Highway #9. The circuit, approximately 3.5 miles in length, shall consist of three (3) conductors not smaller than 1272 MCM ACSR.

Company shall install at its Arthur M. Williams substation a 230 kV bus with a 230 kV line terminal, a circuit breaker complete with disconnect switch on each side of the circuit breaker and protective relaying equipment compatible with the Authority's.

Interconnection metering including kilowatt-hour, kilovar-hour meters and kilowatt-hour and kilowatt telemetering transmitting equipment shall be installed by Company at the A. M. Williams Substation. This telemetering transmitting equipment shall have separate signal output terminals for interconnection telemetering suitable for use by Company and Authority. The Company's kilowatt-hour meter shall be the official billing meter. The Company and Authority shall exercise due diligence for the construction of these facilities to complete this interconnection no later than December, 1975.

(b) Virgil C. Summer 230 kV Interconnection

The Joint Ownership Agreement between Company and Authority for the Virgil C. Summer Substation, Unit No. 1, in

Section 14.01, entitled "Delivery of Project Output" states "Each party shall bear all costs of acquiring and installing its 230 kV transmission lines and switching facilities for connecting its transmission systems to the Project Substation or use mutually agreed to interconnection points to provide for delivery of Project Output."

In conformity with the Joint Ownership Agreement, the Authority shall construct one (1) three phase, 230 kV transmission circuit from its Blythewood Substation to the Virgil C. Summer 230 kV substation, approximately 20 miles in length; and, one (1) three phase, 230 kV transmission circuit from its Newberry 230 kV substation to Virgil C. Summer Substation, approximately 15 miles in length. Each 230 kV line shall have three (3) conductors not smaller than 1272 MCM ACSR. Authority shall provide suitable communication channels for the communication, telemetering and relaying as required by it for the operation of these two interconnections.

Company shall purchase and install for the Authority at the Virgil C. Summer Substation two (2) 230 kV circuit breakers and their associated structures, foundation, disconnect switches, protective relaying and carrier equipment, meters and controls, all hereafter referred to as the 230 kV circuit breakers and associated equipment. One (1) circuit breaker shall be connected to the Authority's Blythewood-Virgil C. Summer 230 kV transmission circuit, and one (1) circuit breaker connected to the Authority's Newberry-Virgil C. Summer 230 kV transmission circuit. Each circuit breaker shall have a disconnect switch on each side and the

protective relaying equipment will be compatible with the associated 230 kV relaying equipment on the Authority's system.

Upon completion, Authority shall pay Company the installed cost of the two (2) 230 kV circuit breakers and their associated equipment. Authority shall own the circuit breakers and associated equipment and shall bear all cost of replacement or renewal of said circuit breakers as a result of loss or damage due to malfunctions, weather, failure of other substation equipment or any causes inherent in the operation of this equipment.

If Authority elects for Company to perform operation and maintenance on these two oil circuit breakers and associated equipment hereunder, Authority shall pay Company a monthly operation and maintenance cost in accordance with a formula or a prescribed amount, such amount to be subject to adjustments by Company, with prior notice and approval by Authority. Authority or Company may discontinue this maintenance agreement at any time upon 30 days written notice to the other party. In the case of extraordinary maintenance resulting from loss of a major component, such as a bushing, interrupter or disconnect switch or any other damage to these 230 kV circuit breakers or associated equipment, under the condition where the Company is responsible for the maintenance of said circuit breakers, Authority will pay Company all costs in excess of \$1,000.00 required to restore equipment to its original condition for each occurrence of extraordinary maintenance during any calendar year.

Interconnection metering including kilowatt-hour, kilovar-hour meters and kilowatt-hour and kilowatt telemetering transmitting equipment shall be installed by Company at the Virgil C. Summer Substation. This telemetering transmitting equipment shall have separate signal output

terminals for interconnection telemetering suitable for use by Company and Authority. Such metering and telemetering transmitting equipment will be part of "Project Substation" as defined in Section 1.18 of the "Virgil C. Summer Joint Ownership Agreement." Such kilowatt-hour metering will be used for official billing.

6.4 Operation and Maintenance of Interconnections

Authority, at its expense, shall operate, maintain and replace as required all of its facilities described in Section 6.2 and 6.3 (a). Company, at its own expense, shall operate, maintain, and replace as required all of its facilities as described in Section 6.2 and 6.3 (a). The installation and maintenance of transmission facilities described in Section 6.2 (d) entitled "Clark Hill Interconnection" and 6.3(b), entitled "Virgil C. Summer Interconnections," shall be as provided for thereunder. Each of the parties shall maintain in operable condition its facilities required for the effective use of the interconnections for the purpose herein provided.

6.5 Elimination of Interconnection

If, in the judgment of either party hereto, it is anticipated that conditions will develop such that the continuation of any interconnections specified in Article VI hereof will place a burden on either party's system, the parties will cooperate in making studies to arrive at a mutually agreeable solution. If, after a period of six (6) months, a mutually agreeable solution cannot be reached, the party whose system is so affected shall have the right to discontinue such interconnection three (3) years after giving notice.

ARTICLE VII

SERVICE TO BE RENDERED

7.1 Service Schedule

The power to be supplied by each party to the other hereunder, the terms and conditions of such supply, and settlement therefor shall be in accordance with arrangements agreed upon from time to time between the parties. Such arrangements shall be set up in the form of Service Schedules, each of which, when signed by Authorized officials of the parties hereto, shall become a part of this Agreement for the term hereof or for such shorter term as may be provided in the Service Schedule. The following Service Schedules are hereby agreed to initially and attached as parts hereof:

Service Schedule A - Emergency Assistance.

Service Schedule B - Energy Interchange.

ARTICLE VIII

SERVICE CONDITIONS

8.1 Operation of Systems in Parallel

The Authority's system and the Company's system shall be and shall remain interconnected at the interconnection points described in Article VI hereof, insofar as this can be done in the opinion

of each party and subject to provision in Section 6.5, without jeopardy to its system or to service to its customers.

8.2 Control of System Disturbances

Insofar as practicable Company and Authority shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service in the other's system or in any system interconnected therewith.

8.3 Spinning Reserves

Insofar as practicable each system shall provide amounts of spinning reserve capacity so that neither the Company's system nor the Authority's system will impose disproportionate load swings upon the other or make disproportionate demands upon the other for assistance in meeting the normal contingencies of power system operation.

8.4 Kilovar Exchange

It is intended that neither party shall impose an undue burden on the other with respect to the flow of kilovars. The Operating Representatives (provided for under Section 5.1) shall establish from time to time mutually satisfactory voltage schedules and kilovar supply arrangements.

8.5 Determination of Amounts of Power Supplied

The amounts of power being supplied hereunder by one party to the other under each Service Schedule, and under any other transaction between the Company's and the Authority's system from time to time arranged, shall be the amounts scheduled by the parties' Operating Representatives or persons designated by them. The parties

shall operate their respective system in such a manner as to make the actual net deliveries of power and energy as nearly equal as practicable to the scheduled net deliveries. Any difference between scheduled net deliveries and actual net deliveries shall be accounted for according to procedures for loop operation as approved by the Operating Representatives, and such differences shall be settled by appropriate compensatory deliveries in accordance with established utility practice.

8.6 Transmission Losses

The transmission losses associated with the transmission of capacity and energy under this agreement, either on the system of the supplying party or on the system of a third party which may be supplying the capacity and energy to the supplying party hereunder for resale to the receiving party, will be borne by the receiving party. Compensation for losses, when requested by the supplying party hereunder, will be accomplished by scheduling coincidental delivery of loss compensation.

ARTICLE IX

DELIVERY POINTS AND METERING

9.1 Delivery Points

Unless otherwise agreed, the delivery points for power and energy hereunder shall be the interconnection points described in Article VI as existing or proposed interconnections.

9.2 Metering and Metering Facilities

The power and energy transactions over the system

interconnection points hereunder shall be measured and accounted for at the delivery points herein provided for or hereafter established for the respective system interconnection points. At the metering points for such system interconnections, each party shall, at its own expense, maintain its own meters and shall provide, install, own and maintain any additional meters necessary in its judgment to determine the amounts of power and energy delivered through such interconnection points. Each party shall have the right to install, at its own expense, check-metering equipment in suitable space provided without charge by the party owning the metering equipment. Should either party's meters fail to register for any period, the deliveries during such period shall be determined from the other party's meters or from the best information available.

9.3 Inspecting and Testing of Meters

Each party shall, at its own expense, make periodic tests and inspections of its metering equipment at intervals agreed upon by the Operating Representatives to maintain a high standard of accuracy, but not less than annually. If requested by either party, the other party shall make additional tests and inspections of its metering equipment; if such additional tests show that the measurements are accurate within one percent (1%) fast or slow, the cost of making such additional tests or inspections shall be paid by the party requesting such additional tests or inspections. Each party shall give the other party reasonable notice of all tests so that it may have a representative present if it wishes.

9.4 Billing Adjustment

If any tests or inspections under Section 9.3 of this Agreement show either party's measurements to be inaccurate by more than one percent, an offsetting adjustment shall be made in the party's billings or statements for any known or agreed period of inaccuracy; in the absence of such knowledge or agreement, the adjustment shall be limited to thirty days prior to the date of such tests. Any metering equipment found to be inaccurate by more than one percent shall be promptly replaced, repaired, or readjusted by the party owning such defective metering equipment.

ARTICLE X

RECORDS AND STATEMENTS

10.1 Records

Each party shall keep such records as may be needed to afford a clear history of the various deliveries of electric energy made by one party to the other and of the hourly integrated demands in kilowatts delivered by one party to the other. In maintaining such records, the parties shall effect such segregations and allocations of capacity and energy into classes representing various services and conditions as may be needed in connection with settlements under this Agreement. When and to the extent requested, copies of the records shall be delivered promptly to the other party.

10.2 Statements

As promptly as practicable after the first day of each

calendar month, the parties shall cause to be prepared a statement setting forth the capacity and energy transactions between the parties during the preceding month in such detail and with such segregations as may be needed for operating records or for settlements under the provisions of this Agreement. Any such statement prepared by one party shall be made available to the other party.

ARTICLE XI

BILLING AND PAYMENT

11.1 Monthly Bills

Monthly bills for amounts owed by one party to the other shall be rendered by the party to whom a payment is due, and such bills shall be due and payable on the twentieth day of the month next following the monthly or other period to which such bills are applicable or on the tenth day following the receipt of the bill, whichever date is later. Interest on unpaid amounts shall accrue at the rate of two thirds of one percent (2/3%) per month from the date due until the date upon which payment is made.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Continuity of Service

Each party shall exercise reasonable care to maintain continuity of service in the delivery and receipt of capacity and energy

under this Agreement. If continuity of service becomes interrupted for any reason, the cause of such interruption shall be removed and normal operating conditions restored as soon as practicable. Neither party shall be responsible to the other party for any damage or loss of revenue caused by any such interruption.

12.2 Access to Property and Facilities

For the purpose of inspection and reading of meters, checking of meter records, and relevant matters, duly authorized representatives of each party shall have access during reasonable hours to the premises and facilities of the other party used in connection with the performance of this Agreement.

12.3 Force Majeure

Each party shall exercise due diligence and reasonable care to maintain continuity of service in the delivery and receipt of energy as provided for in this Agreement, but neither party shall be considered to be in default in respect to any obligation by reason of or through strike, stoppage in labor, failure of contractors, suppliers of material, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any court or judge granted in any bona fide legal proceedings or action, order of any civil authority, or military, either de facto or de jure, explosion, act of God, or the public enemies, or any cause reasonably beyond its control, and not attributable to its neglect.

12.4 Responsibility and Indemnification

Neither party hereto shall be responsible for injury or damage to any apparatus or property of the other and the one delivering power shall not be responsible for electric capacity and energy after delivery by it to the other at the point of delivery. Each party hereto expressly agrees to indemnify and save harmless, and defend the other against all claims, demands, costs or expense for loss, damage or injury to persons or property in any manner directly or indirectly connected with or growing out of the generation, transmission or use of electric capacity and energy on its (the indemnifying party's) own side of the point of delivery hereunder; provided, however, that each party hereto, insofar as the other party hereto is concerned, shall in all cases be responsible for damage or injury to its own employees to the extent compensation benefits are payable therefor under any Workmen's Compensation Law, and each party expressly agrees to indemnify and save harmless the other from all claims of such employees to this extent.

12.5 Arbitration

In the event of disagreement between the parties with respect to (1) any matter herein specifically made subject to arbitration, (2) any question of operating practice involved in the deliveries of power herein provided for, (3) any question of fact involved in the application of the provisions of this Agreement, or (4) the interpretation of any provision of this Agreement, the matter involved in the disagreement shall, upon demand of either party, be submitted to arbitration in the manner

hereinafter provided. An offer of such submission to arbitration shall be a condition precedent to any right to institute proceedings at law or in equity concerning such matter.

The party calling for arbitration shall serve notice in writing upon the other party, setting forth in detail the subject or subjects to be arbitrated, and the parties thereupon shall endeavor to agree upon and appoint one person to act as sole arbitrator. If the parties fail so to agree within a period of fifteen days from the receipt of the original notice, the party calling for the arbitration shall, by written notice to the other party, call for appointment of a board of arbitrators skilled with respect to matters of the character involved in the disagreement, naming one arbitrator in such notice. The other party shall, within ten days after the receipt of such call, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other party fails to appoint an arbitrator within said ten days, or in case the two so appointed fail for ten days to agree upon and appoint a third, the party calling for the arbitration, upon five days' written notice delivered to the other party, shall apply to the person who at the time shall be the Chief Judge of the United States District Court for the District of South Carolina, for appointment of the second or third arbitrator, as the case may be.

The sole arbitrator, or the board of arbitrators, shall afford adequate opportunity to the parties to present information with respect to the question or questions submitted for arbitration and may request further information from either or both parties. The findings

and award of the sole arbitrator or of a majority of the board of arbitrators shall be final and conclusive with respect to the question or questions submitted for arbitration and shall be binding upon the parties. Each party shall pay for the services and expense of the arbitrator appointed by or for it, if there be a board of arbitrators, and all other costs incurred in connection with the arbitration shall be paid in equal parts by the parties hereto, unless the award shall specify a different division of the costs.

12.6 Right to Maintain Suit

Either party shall have the right to maintain suit at any time for any loss or claim that may previously have occurred or arisen hereunder without waiting until expiration of the term of this Agreement or of any Service Schedule hereunder and without losing or waiving any right to maintain suit for subsequent losses or claims occurring or arising during the term of this Agreement, and recovery in any such suit shall not be deemed as splitting the cause of action.

12.7 Waivers

Any waiver at any time by either party hereto of its rights with respect to the other party or with respect to any other matter arising in connection with this Agreement shall not be considered a waiver with respect to any subsequent default or matter.

12.8 Notices

Any written notice or demand required or authorized by this

Agreement shall be properly given, if mailed, postage prepaid to the President, South Carolina Electric & Gas Company, P. O. Box 764, Columbia, South Carolina, 29218 on behalf of the Company, or the General Manager, South Carolina Public Service Authority, 223 North Live Oak Drive, Moncks Corner, South Carolina, 29461, on behalf of the Authority. The designation of the person to be so notified or the address of such person may be changed at any time and from time to time by either party by similar notice.

12.9 Regulatory Authorities

This Agreement is made subject to the jurisdiction of any governmental authority or authorities (excluding Authority) having jurisdiction.

12.10 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, but it shall not be assignable by either party without the written consent of the other party, such consent not to be unreasonably withheld, except upon foreclosure of a mortgage or deed of trust or to a successor in the operation of its properties.

12.11 Agreements Superseded

This Agreement, upon becoming effective, shall supersede any other Interchange Agreements between the Company and Authority executed prior to the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

(SEAL)

/s/ V. C. Summer
V. C. Summer, Senior Vice President

Attest:

By /s/ H. M. Bryant
H. M. Bryant, Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

(SEAL)

/s/ J. B. Thomason
J. B. Thomason, General Manager

Attest:

By /s/ L. P. Dorman
L. P. Dorman, Secretary

SERVICE SCHEDULE A

EMERGENCY ASSISTANCE

Between

SOUTH CAROLINA ELECTRIC & GAS COMPANY

and

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

This Service Schedule A shall become effective as of
under and as a part of the Interchange Agreement dated
herewith between South Carolina Public Service Authority
and South Carolina Electric and Gas Company.

ARTICLE I - PURPOSE

1.1 It is the purpose of this Service Schedule A to provide
for emergency assistance between the Company and Authority systems and to
establish the terms and conditions of such emergency assistance.

1.2 It is the intent of the parties that emergency conditions,
under which the party is entitled to call for emergency assistance and
under which the other party is obligated to supply such assistance, are
conditions arising from temporary circumstances beyond the control of the
party affected which prevent or interfere with or jeopardize the rendering
of adequate and satisfactory service within the system of the party calling
for the emergency assistance.

1.3 It is the intent of each of the parties to utilize emergency
assistance from the other party in minimum amount and during each emergency

by using its own resources to the maximum practical extent.

ARTICLE II - DURATION

2.1 The term of this Service Schedule A shall start on the date first above written and shall continue in effect until termination or expiration of the Interchange Agreement unless terminated or superseded on any earlier date by a new service schedule.

ARTICLE III - SERVICE TO BE RENDERED

3.1 In the event of a breakdown or other emergency in or on the system of either party involving either sources of power or transmission facilities, or both, and impairing or jeopardizing the ability of the party suffering the emergency to meet the loads of its system, the other party, to the extent that it can do so from its own system or through interconnection arrangements without impairing or jeopardizing either service to its own customers or its obligations to other parties, shall provide to such party capacity for a period not to exceed forty eight (48) consecutive hours during any single emergency, which capacity is hereby designated and hereinafter called "Emergency Capacity."

3.2 The parties recognize that the delivery of energy up to the Emergency Capacity as provided for in Subsection 3.1 of this Section 3 is subject to three conditions which may preclude the delivery of such energy as so provided; (a) a party may be delivering energy to the other in accordance with the provisions of Service Schedule B of this Agreement; (b) a party may be suffering an emergency in its own system as described in said Subsection 3.1; or (c) a party may be delivering energy, under

a mutual emergency interchange agreement to the system of a third interconnected company which is suffering an emergency in its system. Under conditions as cited under (a) and (b) above, neither party shall be considered to be in default hereunder, if unable to comply with the provisions of said Subsection 3.1. Under conditions as cited under (c) above, neither party shall be considered to be in default hereunder, if it is unable to comply with the provisions of said Subsection 3.1; provided, however, that such party shall terminate emergency deliveries to such third interconnected company as soon as it may do so under its agreement with such third interconnected company, and shall thereafter fulfill its obligations under this Schedule A.

ARTICLE IV - COMPENSATION

4.1 Energy received as emergency assistance shall be returned in kind or, at the option of the supplying party, be paid for monthly by the receiving party at a rate hereinafter provided.

4.2 The fuel component of the energy rate for power supplied hereunder shall be based on the average cost of fuel received for unit, or units, making the delivery for the month during which delivery was made. Heat rate of unit or units used in the determination of the

energy rate shall be the weighted average for the month during which delivery was made. Adjustments will be made in subsequent billing to estimates used at time of regular billing to reflect actual fuel cost and heat rate.

4.3 Operation and maintenance cost used in the energy rate determination shall be the weighted average operation and maintenance cost, exclusive of fuel charges, for the unit or units making the delivery for the most current twelve (12) month period, including the month during which delivery was made. Adjustments will be made in subsequent billing to estimates used at time of regular billing to reflect the actual operation and maintenance costs.

4.4 The resultant energy rate determined from the sum of 4.2 and 4.3 shall be increased by 15% to arrive at the energy billing rate.

4.5 If it is necessary for the supplying party to start a unit in order to supply this capacity, then at the option of the supplying party the receiving party will be required to purchase energy in the amount of the minimum output of the unit for 48 hours or pay startup cost.

4.6 If returned in kind, the energy hereunder shall be returned at times when the load conditions on the system of the party receiving the energy being returned are equivalent to the said load conditions at the time the energy was originally delivered or, if the

party that originally supplied the energy elects to have it returned under different conditions, it shall be returned in such amounts, to be agreed upon by the Operating Representatives, as will compensate for the difference in conditions.

4.7 The billing rate for energy received hereunder from a third party for delivery to the receiving party shall be actual cost plus 10%.

4.8 Should the party suffering the emergency require assistance for more than forty-eight (48) hours, then after the forty-eight (48) hour period upon request of the receiving party, the supplying party to the extent capacity is available on its system or a third party's system will supply capacity and energy requested at the rate specified in Schedule B of this Agreement for non-displacement energy.

4.9 Applicable taxes will be included in the bill submitted by the selling company.

4.10 Monthly statements for energy transactions hereunder shall be rendered by the party to whom net settlement for the month is due, and shall show the gross emergency energy transactions in each direction and the respective bases for settlement. It shall be a responsibility of the Operating Representatives to establish procedures for current exchange of data adequate to enable independent computations of the monthly statements simultaneously by each party. Such statements shall otherwise be subject to Sections 10.2 and 11.1 of the Interchange Agreement.

ATTEST:

SOUTH CAROLINA ELECTRIC & GAS COMPANY

/s/ H. M. Bryant
Secretary

By /s/ V. C. Summer
V. C. Summer, Senior Vice President

ATTEST:

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

/s/ L. P. Dorman
L. P. Dorman, Secretary

By /s/ J. B. Thomason
J. B. Thomason, General Manager

SERVICE SCHEDULE B

ENERGY INTERCHANGE

Between

SOUTH CAROLINA ELECTRIC & GAS COMPANY

And

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

This Service Schedule B shall become effective as of
under, and as a part of the Interchange Agreement dated
herewith between South Carolina Electric & Gas Company and
South Carolina Public Service Authority.

ARTICLE I - PURPOSE

1.1 The purpose of this Service Schedule B is to provide for
energy interchange between Company and Authority and to establish the
terms and conditions of such interchange.

ARTICLE II - DURATION

2.1 This Service Schedule B shall become effective as first
above written and shall continue in effect until termination of expiration
of the Interchange Agreement unless terminated or superseded on any
earlier date by a new service schedule.

ARTICLE III - SERVICES TO BE RENDERED

3.1 Economy Energy - From time to time each of the parties

may have electric energy (Economy Energy) available from surplus capacity either on its own system or from sources outside its own system, or both, which could be supplied to the other party at a cost that would result in operating savings to the other party. Such operating savings would result from the displacement of electric energy that otherwise would be supplied from capacity either on the other party's system or from sources outside its own system, or both. To promote the economy of electric power supply and to achieve efficient utilization of production capacity, the parties will, from time to time, discuss the availability and desirability of exchanges of Economy Energy, and either party, whenever it in its own judgment determines Economy Energy is available, may, but shall not be obligated to, offer Economy Energy to the other party. Promptly upon receipt of any such offer the other party shall notify the offering party of the extent it desires to use Economy Energy, and prior to each delivery of such energy, the amount and time of delivery and the charge therefor shall be agreed upon as provided in Section 4.1.

3.2 Non-Displacement Energy - From time to time occasions will arise when the effecting of transactions as provided under Section 3.1 above will be impracticable, but at the same time one of the parties may have electric energy (Non-displacement Energy) which it is willing to make available from surplus capacity either on its own system or from sources outside its own system, or both, that can be utilized advantageously for short intervals by the other party. It shall be the responsibility of the party desiring the Non-Displacement Energy to initiate the receipt and delivery of the energy. The party desiring receipt of the energy

shall inform the other party of the extent to which it desires to use Non-displacement Energy, and whenever in its own judgment the other party determines that it has Non-displacement Energy available, the parties shall then mutually agree on the period and the extent of use of such Non-displacement Energy. Neither party shall be obligated to make any Non-displacement Energy available to the other.

ARTICLE IV - COMPENSATION

4.1 Economy energy shall be settled for at rates which shall be predicated upon the principle that savings in operating costs to the systems of the parties resulting from the use of Economy Energy shall be divided between the parties as equally as is practicable. Prior to any transaction involving the delivery and receipt of Economy Energy, the Operating Representatives or persons designated by them shall determine and agree upon the compensation applicable to such transaction. Compensation so agreed upon shall not be subject to later review or adjustment.

4.2 Non-displacement energy shall be returned in kind, or at the option of the supplying party, be paid for monthly by the receiving party at a rate hereinafter provided.

4.3 The fuel component of the energy rate for non-displacement energy supplied hereunder shall be based on the average cost of fuel received for unit or units making the delivery for the month during which delivery was made. The heat rate for unit or units used in the determination of the energy rate shall be the weighted average for the month during which delivery

was made. Adjustments will be made in subsequent billing to estimates used at time of regular billing to reflect actual cost of fuel and heat rate.

4.4 Operation and maintenance cost used in the energy rate determination shall be the weighted average operation and maintenance cost, exclusive of fuel charges, for the unit or units making the delivery for the most current twelve (12) month period, including the month during which delivery was made. Adjustments will be made in subsequent billing to estimates used at time of regular billing to reflect the actual operation and maintenance cost.

4.5 The resultant energy rate determined from the sum of 4.2 and 4.3 shall be increased by 15% to arrive at the energy billing rate.

4.6 If it is necessary for the supplying party to start a unit in order to supply this capacity, then at the option of the supplying party the receiving party will be required to purchase energy in the amount of the minimum output of the unit for forty-eight (48) hours started for this purpose, or pay startup cost.

4.7 If returned in kind, the energy hereunder shall be returned at times when the load conditions on the system of the party receiving the energy being returned are equivalent to the said load conditions at the time the energy was originally delivered or, if the party that originally supplied the energy elects to have it returned under different conditions, it shall be returned in such amounts, to be agreed upon by the Operating Representatives, as will compensate for the difference in conditions.

4.8 The billing rate for energy received hereunder from a third party for delivery to the receiving party shall be actual cost plus 10%.

4.9 Should a party being furnished emergency assistance pursuant to Schedule A hereof, require assistance for more than forty-eight (48) hours, then after the forty-eight (48) hour period upon request of the receiving party, the supplying party to the extent capacity is available on its system or a third party's system will supply capacity and energy requested at the rate specified in Schedule B of this Agreement for Non-displacement Energy.

4.10 Applicable taxes will be included in the bill by the selling company.

4.11 Monthly statements for energy transactions hereunder shall be rendered by the party to whom net settlement for the month is due, and shall show the gross Economy and/or Non-displacement Energy transactions in each direction and the respective bases for settlement. It shall be a responsibility of the Operating Representatives to establish procedures for current exchange of data adequate to enable independent computations of the monthly statements simultaneously by each party. Such

statements shall otherwise be subject to Sections 10.2 and 11.1
of the Interchange Agreement.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

(SEAL)

/s/ V. C. Summer
V. C. Summer, Senior Vice President

Attest:

By /s/ H. M. Bryant
H. M. Bryant, Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

(SEAL)

/s/ J. B. Thomason
J. B. Thomason, General Manager

Attest:

By /s/ L. P. Dorman
L. P. Dorman, Secretary

SERVICE SCHEDULE A
SPINNING RESERVE

FPC ELECTRIC RATE
SCHEDULE NO. 33
SUPPLEMENT NO. 4
FILING DATE: 8-21-78
EFFECTIVE DATE:

SECTION 1 - DURATION

1.1 This Service Schedule, a part of and under the Interchange Agreement dated January 1, 1975 between South Carolina Electric & Gas Company and South Carolina Public Service Authority, shall become effective September 22, 1978, and shall continue in effect until termination or expiration of the Interchange Agreement unless superseded on any earlier date by a new service schedule or until terminated as provided for in Section 1.2 below.

1.2 Either party upon at least three years prior written notice to the other party may terminate this schedule.

SECTION 2 - DEFINITION

Spinning Reserve is defined as the sum of (1) the unloaded generating capacity resources of a company which are connected and ready to supply power upon demand, (2) generating capacity which can be started and made available within 10 minutes, and (3) generating capacity which can be made available within 10 minutes by appropriate interruptible or other contracts. New capacity that has not been declared commercial can be included to the extent of its current capability.

Generating capacity which is a part of Spinning Reserve must be available indefinitely. Hydro capacity will be included only to the extent it can deliver its capacity until a fuel unit can be started to replace it and only if such a fuel unit is available. Standing combustion turbines will be classified as Spinning Reserve by the amount of generation which can be produced in 10 minutes.

During the first 24 hours following the loss of generating capacity, the capacity lost shall be considered a part of the owning company's Spinning Reserve Commitment. Similarly, emergency assistance being rendered a third party system for a period of 24 hours following the beginning of a period of delivery shall be considered as part of a company's total Spinning Reserve Commitment.

SECTION 3 - SERVICES TO BE RENDERED

3.1 It is recognized that service reliability will be improved when the reserves of two or more systems are available to backstand the loss of large generating units and also that significant operating savings will result from two or more systems each sharing in the Spinning Reserve capacity of the others. Each party will, therefore, maintain Spinning Reserve capacity each day in the amount of the sum of (1) 8 percent of the largest unit in commercial operation on the respective systems, and (2) 4 percent of the estimated annual peak load, except as may be amended by the Operating

Committee, such total in each system to be known as each system's Spinning Reserve Commitment. Following the emergency loss of generating capacity on a system, that system will first utilize its own Spinning Reserve Commitment to replace the capacity lost except as may otherwise be agreed upon, and may then call upon the other system to make available the additional capacity required to replace the capacity lost, up to the amount of the other company's Spinning Reserve Commitment, less any amount of such capacity already utilized or committed to a third party system because of an emergency. Upon request, the delivering party will endeavor to obtain capacity from third party systems for delivery to the receiving party.

3.2 In the event of extreme emergencies, each system will make available to the other total available reserve capacity on its system and will attempt to obtain capacity and/or energy from third party systems as required.

3.3 From time to time it may be more economical for either system to purchase capacity to supply a portion of its Spinning Reserve Commitment rather than supply it from its own resources; then in the amounts and for the period agreed upon the other system will make available such capacity.

SECTION 4 - COMPENSATION

4.1 Demand Charge

4.11 When capacity provided during the first 24 hours following an emergency is made available

from the system of the delivering party under Section 3.1 and/or 3.2 there will be no demand charge. If the party suffering the outage requires assistance for more than 24 hours, then after the 24 hour period it will purchase available capacity necessary to carry its load and, to the extent that it is available, capacity to restore its Spinning Reserve to normal, for the period of the emergency, or for one week, whichever period is shorter. When such capacity is from the system of the delivering party, the receiving party will pay a demand charge of \$08 per KW per day which includes a transmission use charge.

4.12 When the capacity made available under Section 3.3 is from the system of the delivering party, the receiving party will pay a demand charge of \$.08 per KW per day which includes a transmission use charge.

4.13 In the event the delivering party provides capacity to the receiving party from a third party system, the demand charge to the receiving party shall be (1) that charged by the third party, plus (2) a transmission use charge of \$.02 per KW per day. In transactions

where no demand charge is made by the third party, the receiving party will pay the delivering party a transmission use charge of \$.02 per KW per day or 2 mills per KWH, whichever is less.

4.2 Energy

4.21 When the energy delivered is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per KWH equal to (1) the out-of-pocket cost, plus (2) cost of transmission losses to make the delivery, plus (3) 10 percent of the sum of (1) and (2) under this Section, or 5 mills per KWH, whichever is less; or at option of the delivering party, the energy may be returned in kind.

4.22 For energy delivered by the delivering party from a third party the receiving party will pay the delivering party a rate per KWH equal to (1) the rate per KWH paid to the third party, plus (2) the cost of supplying the associated transmission losses on the system of the delivering party, plus (3) 10 percent of the sum of (1) and (2) under this section or 2 mills per KWH, whichever is less; or by mutual agreement the energy may be returned

in kind. In return in kind transactions the receiving party will pay the delivering party 2 mills per KWH to cover the cost of supplying the associated transmission losses on the system of the delivering party and to provide compensation in lieu of the 10% margin normally applied to cash transactions.

4.3 Where applicable, taxes will be added to the billings under 4.1 and 4.2 including but not limited to:

Support of South Carolina Public Service Commission
South Carolina Gross Receipts Tax
South Carolina Generation Tax
North Carolina Gross Receipts Tax

Any new or additional applicable taxes enacted after the date of this Service Schedule shall be included in billings under this Service Schedule.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY: *T. C. Nichols, Jr.*
T. C. Nichols, Jr.
Vice President & Group Executive
Power Production & System Operations

ATTEST:

H. M. Bryant
H. M. Bryant
Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BY: *W. Mescher*
William C. Mescher
President & Chief Executive Officer

ATTEST:

L. P. Dorman
L. P. Dorman
Secretary

SERVICE SCHEDULE B

SHORT TERM POWER

FPC ELECTRIC RATE
SCHEDULE NO. 33
SUPPLEMENT NO. 5
FILING DATE: 8-21-78
EFFECTIVE DATE:

SECTION 1 - DURATION

1.1 This Service Schedule, a part of and under the Interchange Agreement dated January 1, 1975 between South Carolina Electric & Gas Company and South Carolina Public Service Authority, shall become effective September 22, 1978, and shall continue in effect until termination or expiration of the Interchange Agreement unless superseded on any earlier date by a new service schedule or until terminated as provided for in Section 1.2 below.

1.2 Either party upon at least one year prior written notice to the other party may terminate this schedule.

SECTION 2 - SERVICE TO BE RENDERED

2.1 Either party may arrange to reserve from the other for the remainder of the calendar week or for periods of one or more calendar weeks, electric power whenever, in the sole judgment of the party requested to reserve the same, such power is available.

2.11 Prior to each reservation of short term power, the number of kilowatts to be reserved, the period of the reservation, and the system supplying the power in third party transactions shall be agreed upon. Such Agreement shall be confirmed in writing. If, during such period, conditions arise that

could not have been reasonably foreseen at the time of the reservation and cause the reservations to be burdensome to the delivering party, such party may, by written notice to the receiving party, or oral notice later confirmed in writing, reduce the number of kilowatts reserved by such amount and for such time as it shall specify in such notice. Kilowatts reserved hereunder by the delivering party from a third party may be reduced only to the extent they are reduced by the third party or to the extent necessary to alleviate burdensome system conditions.

2.12 During each period that Short Term Power has been reserved, the delivering party shall upon reasonable notice, provide "Short Term Power" in amounts agreed upon. Receiving party shall notify delivering party of its scheduled use of kilowatts reserved to assist in the commitment of generation.

SECTION 3 - COMPENSATION

3.1 The receiving party shall pay the delivering party:

3.11 Demand Charge

(a) When the capacity sold under this contract is from the system of the delivering party, the receiving party will

pay a demand charge of \$0.65 per week times the number of kilowatts of capacity reserved. For periods of less than one week the receiving party will pay a demand charge of \$.108 per day times the number of kilowatts of capacity reserved. If the delivering party reduces the number of kilowatts of capacity reserved in accordance with Section 2.11 for all or part of a day, the delivering party will reduce the demand charge to the receiving party at the rate of \$.108 per kilowatt per day.

- (b) In the event the delivering party provides short term power to the receiving party from a third party system, the demand charge to the reserving party will be (1) that charged by the third party, plus (2) a transmission use charge of \$.15 per week or \$.025 per day for periods of less than a week times the number of kilowatts of capacity reserved.

3.12 Energy Charge

- (a) When energy delivered hereunder is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per KWH

equal to: (1) the out-of-pocket cost, plus (2) cost of transmission losses to make the delivery, plus (3) 10% of the sum of (1) and (2) under this section or 5 mills per KWH, whichever is less.

(b) For energy delivered by the delivering party from a third party, the receiving party will pay the delivering party a rate per KWH equal to: (1) the rate per KWH paid to the third party, plus (2) the cost of associated transmission losses, plus (3) 10% of the sum of (1) and (2) under this section or 2 mills per KWH, whichever is less.

3.13 Where applicable, taxes will be added to the billings under 3.11, 3.12 including but not limited to:

Support of South Carolina Public Service Commission

South Carolina Gross Receipts Tax

South Carolina Generation Tax

North Carolina Gross Receipts Tax

Any new or additional taxes applicable to transactions hereunder enacted after the date of this service schedule shall be included in billings under this service schedule.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY: *T. C. Nichols, Jr.*

T. C. Nichols, Jr.
Vice President & Group Executive
Power Production & System Operations

ATTEST:

H. M. Bryant
H. M. Bryant
Secretary



SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BY: *W. C. Mescher*

William C. Mescher
President & Chief Executive Officer

ATTEST:

L. P. Dorman
L. P. Dorman
Secretary

SERVICE SCHEDULE C
LIMITED TERM POWER

FPC ELECTRIC RATE
SCHEDULE NO. 33
SUPPLEMENT NO. 6
FILING DATE: 8-21-78
EFFECTIVE DATE:

SECTION 1 - DURATION

1.1 This Service Schedule, a part of and under the Interchange Agreement dated January 1, 1975 between South Carolina Electric & Gas Company and South Carolina Public Service Authority, shall become effective September 22, 1978, and shall continue in effect until termination or expiration of the Interchange Agreement unless superseded on any earlier date by a new service schedule or until terminated as provided for in Section 1.2 below.

1.2 Either party upon at least one year prior written notice to the other party may terminate this schedule.

SECTION 2 - SERVICES TO BE RENDERED

2.1 Either party may arrange to reserve from the other for periods of not less than one month, such electric power whenever, in the sole judgment of the party requested to reserve the same, such power is available.

2.11 Prior to each reservation of Limited Term Power the number of kilowatts to be reserved the period of the reservation and the system supplying the power in third party transactions shall be agreed upon. Such determination shall be confirmed in writing.

2.12 During each period that Limited Term Power has been reserved, the party that has agreed to deliver such power shall, upon reasonable notice, provide Limited Term Power in the amounts agreed upon. Receiving party shall notify delivering party of its scheduled use of kilowatts reserved to assist in the commitment of generation.

SECTION 3 - REDUCTION IN DELIVERY

3.1 Deliveries of Limited Term Power may be suspended if the delivering party must interrupt service to its firm customers in order to make the delivery; however, before suspending delivery, the delivering company will make every effort to obtain replacement power from all adjacent systems. Deliveries of third party capacity and energy may be reduced or suspended only to the extent that such deliveries are reduced or suspended by the third party system. In addition, the supply of kilowatts to the receiving system may be interrupted or reduced to prevent or limit any instability on either system.

SECTION 4 - COMPENSATION

4.1 The Receiving Party will compensate the Delivering Party as follows:

4.11 For any month the charge for Limited Term Capacity produced by the Delivering Company is \$3.25 per KW.

4.12 For Limited Term Capacity purchased from a third party system, the charges to the Receiving Party are charges by the third party system plus a transmission use charge of \$.75 per KW per month. ≤ 2.5

4.13 When energy delivered hereunder is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per KWH equal to: (1) the out-of-pocket cost, plus (2) cost of transmission losses to make the delivery, plus (3) 10% of the sum of (1) and (2) of this section or 5 mills per KWH, whichever is less.

4.14 For energy delivered by the delivering party from a third party, the receiving party will pay the delivering party a rate per KWH equal to: (1) the rate per KWH paid to the third party, plus (2) the cost of associated transmission losses, plus (3) 10% of the sum of (1) and (2) under this section or 2 mills per KWH, whichever is less.

SECTION 5 - TAXES

5.1 Where applicable, taxes will be added to the billings under 4.11, 4.12, 4.13 and 4.14 including but not limited to:

- Support of South Carolina Public Service Commission
- South Carolina Gross Receipts Tax
- South Carolina Generation Tax
- North Carolina Gross Receipts Tax

Any new or additional applicable taxes enacted after the date of this Service Schedule shall be included in billings under this Service Schedule.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY:

T. C. Nichols, Jr.

T. C. Nichols, Jr.
Vice President & Group Executive
Power Production & System Operations

ATTEST:

H. M. Bryant
H. M. Bryant
Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BY:

William C. Mescher

William C. Mescher
President & Chief Executive Officer

ATTEST:

L. P. Dorman
L. P. Dorman
Secretary

SERVICE SCHEDULE D
ECONOMY INTERCHANGE

FPC ELECTRIC RATE
SCHEDULE NO. 33
SUPPLEMENT NO. 7
FILING DATE: 8-21-78
EFFECTIVE DATE:

SECTION 1 - DURATION

1.1 This Service Schedule, a part of and under the Interchange Agreement dated January 1, 1975 between South Carolina Electric & Gas Company and South Carolina Public Service Authority, shall become effective September 22, 1978, and shall continue in effect until termination or expiration of the Interchange Agreement unless superseded on any earlier date by a new service schedule or until terminated as provided for in Section 1.2 below.

1.2 Either party upon at least one year prior written notice to the other party may terminate this schedule.

SECTION 2 - SERVICE TO BE RENDERED

From time to time each of the parties will have electric energy (hereinafter called "Economy Energy") available from surplus capacity on its own system and/or from sources outside its own system, and such Economy Energy can be supplied to the other party at a cost that will result in operating savings to such other party. Such operating savings will result from the displacement of electric energy that otherwise would be supplied from capacity on the system and/or from sources outside the system of such other party. To promote the economy of electric power supply and to

achieve efficient utilization of production capacity, either party, whenever in its own judgment determines Economy Energy is available, may offer Economy Energy to the other party. Promptly upon receipt of any such offer the receiving party shall notify the supplying party of the extent to which it desires to use such economy energy. Schedules providing the periods and extent of use shall be mutually agreed upon.

SECTION 3 - COMPENSATION

ECONOMY ENERGY

Economy Energy supplied hereunder shall be considered as displacing electric energy that otherwise would have been generated by the receiving party at its own electric generating stations or any electric energy from third parties mutually agreed to be subject to displacement hereunder. Economy Energy shall be settled for at rates which shall be predicated upon the principle that savings resulting from the use of Economy Energy shall be divided equitably among the parties. Prior to any transaction involving the sale and purchase of Economy Energy, authorized representatives of the parties shall determine and agree upon the rate applicable to such transaction. A charge for generating unit start-up and other incidental costs necessary to make the Economy Energy available may be made if applicable. This charge shall be

agreed upon between the parties prior to the transaction and included in the energy charge.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY: T. C. Nichols, Jr.
T. C. Nichols, Jr.
Vice President & Group Executive
Power Production & System Operations

ATTEST:

H. M. Bryant
H. M. Bryant
Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BY: William C. Mescher
William C. Mescher
President & Chief Executive Officer

ATTEST:

L. P. Dorman
L. P. Dorman
Secretary

SERVICE SCHEDULE E
OTHER ENERGY

FPC ELECTRIC RATE
SCHEDULE NO. 33
SUPPLEMENT NO. 8
FILING DATE: 8-21-78
EFFECTIVE DATE:

SECTION 1 - DURATION

1.1 This Service Schedule, a part of and under the Interchange Agreement dated January 1, 1975 between South Carolina Electric & Gas Company and South Carolina Public Service Authority, shall become effective September 22, 1978, and shall continue in effect until termination or expiration of the Interchange Agreement unless superseded on any earlier date by a new service schedule or until terminated as provided for in Section 1.2 below.

1.2 Either party upon at least one year prior written notice to the other party may terminate this schedule.

SECTION 2 - SERVICES TO BE RENDERED

2.1 It is recognized that from time to time occasions will arise when one of the parties may have electric energy (hereinafter called "Other Energy") available from surplus capacity on its own system and/or from sources outside its own system that can be utilized advantageously for short intervals by the other party.

2.11 It shall be the responsibility of the party desiring the receipt of the Other Energy to initiate the purchase and sale of such energy. The party desiring such receipt of energy shall inform the other party of the extent to which it desires to use Other Energy.

SECTION 3 - COMPENSATION

3.1 (a) When energy hereunder is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per KWH equal to: (1) the out-of-pocket cost, plus (2) the cost of transmission losses to make the delivery, plus (3) 10% of the sum of (1) and (2) under this section or 5 mills per KWH, whichever is less, plus (4) a transmission use charge of 2 mills per KWH; or at the option of the delivering party the energy may be returned in kind.

(b) For energy delivered by the delivering party from a third party, the receiving party will pay the delivering party a rate per KWH equal to: (1) the rate per KWH paid to the third party, plus (2) cost of associated transmission losses, plus (3) 10% of the sum of (1) and (2) under this section or 2 mills per KWH, whichever is less, plus (4) a transmission use charge of 2 mills per KWH; or by mutual agreement the energy may be returned in kind. In return in kind transactions the receiving party will pay the delivering party (1) 2 mills per KWH to cover the cost of supplying the associated transmission losses on the system of the delivering party and to provide compensation in lieu of the 10% margin normally applied to cash transactions, plus (2) a transmission use charge of 2 mills per KWH.

3.2 Where applicable, taxes will be added to the billings under 3.1 including but not limited to:

Support of South Carolina Public Service Commission
South Carolina Gross Receipts Tax
South Carolina Generation Tax
North Carolina Gross Receipts Tax

Any new or additional applicable taxes enacted after the date of this service schedule shall be included in billings under this service schedule.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY: T. C. Nichols, Jr.
T. C. Nichols, Jr.
Vice President & Group Executive
Power Production & System Operations

ATTEST:

H. M. Bryant
H. M. Bryant
Secretary

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BY: William C. Mescher
William C. Mescher
President & Chief Executive Officer

ATTEST:

L. P. Dorman
L. P. Dorman
Secretary

AMENDMENT TO RATE SCHEDULES OF
 SOUTH CAROLINA ELECTRIC & GAS COMPANY
 FILED IN COMPLIANCE WITH ORDER NO. 84 OF THE
 FEDERAL ENERGY REGULATORY COMMISSION
 DOCKET NO. RM 79-29 ISSUED MAY 7, 1980.

FPC ELECTRIC RATE
 SCHEDULE NO. 33
 SUPPLEMENT NO. 9
 FILING DATE: 8-11-80
 EFFECTIVE DATE:
 9-1-80

Pursuant to Order No. 84 of the Federal Energy Regulatory Commission ("FERC") issued in FERC Docket No. RM 79-29 on May 7, 1980, South Carolina Electric & Gas Company amends the indicated sections of the following Rate Schedules of South Carolina Electric & Gas Company ("SCE&G") on file with FERC in the manner stated below:

<u>RATE SCHEDULE NUMBER</u>	<u>COMPANY</u>		
SCE&G FERC No. 29	Carolina Power & Light Company -		
	Service Schedule A (Spinning Reserve)	§	4.22
	Service Schedule C (Limited Term Power)	§	4.14
	Service Schedule D (Short Term Power)	§	3.12(b)
	Service Schedule G (Other Energy)	§	3.1(b)
SCE&G FERC No. 10	Duke Power Company -		
	Service Schedule A (Spinning Reserve)	§	4.22
	Service Schedule B (Short Term Power)	§	3.12(b)
	Service Schedule C (Limited Term Power)	§	4.14
	Service Schedule E (Other Energy)	§	3.1(b)
<u>SCE&G FERC No. 33</u>	South Carolina Public Service Authority -		
	<u>Service Schedule A (Spinning Reserve)</u>	§	4.22
	<u>Service Schedule B (Short Term Power)</u>	§	3.12(b)
	<u>Service Schedule C (Limited Term Power)</u>	§	4.14
	<u>Service Schedule E (Other Energy)</u>	§	3.1(b)

The amendments to each of the above rate schedules and service schedules hereby adopted are as follows:

§ 3.12 (b) of all Limited Term Power Service Schedules; § 4.14 of all Short Term Power Service Schedules; and § 3.1(b) of all Other Energy Service Schedules are amended by deleting the language in subpart (3) in each of these sections and replacing it with the

following:

"(3) one (1) mill for miscellaneous and unquantifiable incremental costs incurred for transmission services"

§ 4.22 of all Spinning Reserve Service Schedules is amended by deleting the language in subpart (3) of this section and replacing it with the following:

"(3) one (1) mill for miscellaneous and unquantifiable incremental costs incurred for transmission services; or by mutual agreement the energy may be returned in kind. In return in kind transactions the receiving party will pay the delivering party the cost of supplying the associated transmission losses on the system of the delivering party plus one mill per KWH for miscellaneous and unquantifiable incremental costs incurred for transmission services".

IN WITNESS WHEREOF, South Carolina Electric & Gas Company has caused these amendments to be executed as of the 8th day of August, 1980.

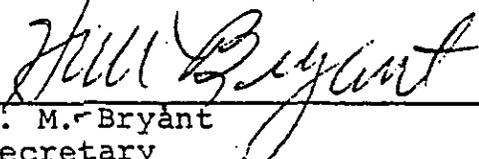
SOUTH CAROLINA ELECTRIC & GAS COMPANY

By: 

M. C. Johnson

Vice President and Group Executive
Fossil and Hydro Production
Transmission and System Operations

ATTEST:


H. M. Bryant
Secretary

This Copy to be returned for
files of S. C. Electric & Gas Company

ORIGINAL

MODIFICATION NO. 2

TO

Docket No. *ER15-666-000*
Company: *S.C. Elec. & Gas*
FERC El. Rate Sch. No.: *33*
Supp. No.: *10*
Filing Date: *8-2-85*
Effective Date: *10-2-85*

INTERCHANGE AGREEMENT

DATED JANUARY 1, 1975

BETWEEN

SOUTH CAROLINA ELECTRIC & GAS COMPANY

AND

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

DATED February 14, 1985

FILED
OFFICE OF THE SECRETARY
1985 AUG -2 AM 8:31
FEDERAL ENERGY
REGULATORY COMMISSION

any Authority relocations required to accommodate the Company's Pepperhill tie line will be borne by Company. Specific details will be worked out through our respective engineering staffs.

- (2) Company will provide an oil circuit breaker (OCB), associated relays and relay panel for termination of the tie line at Authority's Mateeba Station. Authority will control this breaker through its Supervisory Control and Data Acquisition (SCADA) system.
- (3) Authority will install the Company's equipment listed in (2) above in Authority's Mateeba Station and will bill Company from time to time for all required maintenance.
- (4) Authority will provide all metering and communications in Mateeba Station for this interconnection.
- (5) The specifications for all equipment, ratings and standards will be mutually agreed upon by Authority and Company as related to this interconnection. This applies to such equipment as OCB, communications, data acquisition, relays and metering.

0.08 Except as hereinabove modified and supplemented, all the terms and conditions of the Interchange Agreement dated January 1, 1975, and Modification No. 1 to the Interchange Agreement dated August 21, 1978, shall remain in full force and effect.

0.02 **THIS AGREEMENT**, made and entered into as of the 14th day of February, 1985, by and between South Carolina Electric & Gas Company, a South Carolina Corporation, hereinafter called "Company," and South Carolina Public Service Authority, a South Carolina Corporation, hereinafter called "Authority."

WITNESSETH:

0.02 **WHEREAS**, Company and Authority entered into an Interchange Agreement, dated January 1, 1975; and

0.03 **WHEREAS**, Modification No. 1 to the above referenced Agreement was entered into on the 21st day of August, 1978; and

0.04 **WHEREAS**, changed operating conditions have necessitated the revision of this Interchange Agreement and the parties desire to modify the Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the parties agree as follows:

0.05 **ARTICLE VI, SECTION 6.3 (a)** of the Agreement will be moved to an renumbered as Article VI, Section 6.2 (e).

0.06 **ARTICLE VI, SECTION 6.3 (b)** of the Agreement will be moved to an renumbered as Article VI, Section 6.2 (f).

0.07 **ARTICLE VI, SECTION 6.3 (a)** of the Agreement is to be as follows:

6.3 Proposed Facilities

a. Mateeba-Pepperhill 230 KV Interconnection

(1) Company will construct, at its expense, a 230 KV station at Pepperhill and a 230 KV line from Pepperhill to Authority's Mateeba Station. Cost of

SECTION 3 - SERVICES TO BE RENDERED

3.1 In the event of an emergency loss of a resource, each system will make available to the other, up to the total available Contingency Reserve capacity on its system and, upon request, will attempt to obtain capacity and/or energy from a third party system.

3.2 In the event either party desires to purchase capacity to supply a portion of its Contingency Reserve rather than supply it from its own resources, each party will make available to the other such capacity to the extent that it is available.

- d. Subsections 4.11, 4.12, and 4.13 are deleted in their entirety and the following inserted in place thereof:

4.1 Demand Charge

4.11 When Emergency Reserve Capacity is provided there will be no demand charge. If the party suffering the outage requires assistance for a longer period than the Emergency Period, then that party will purchase Daily Reserve Capacity, unless otherwise mutually agreed.

In witness whereof, the parties hereto have caused this agreement to be executed by their duly authorized officers.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY: James H. Young
J. H. Young, Jr.
Vice President, Power Supply

ATTEST:

Karen St. Stephen

APPROVED AS
TO LEGALITY
AND FORM
LM
2-14-85
AS TO EXECUTION
LM
3-6-85

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

BY: W. W. Becker

ATTEST:

D. S. McCoy

33.11

Modification No. 3

Bracket No.: ER95-104-008
Company: SC E+G
FERC El. Rate Sch. No. 37
Supp. No.: 11
Filing Date: 10-31-94
Effective Date: 1-1-95

to

INTERCHANGE AGREEMENT

Dated January 1, 1975

between

SOUTH CAROLINA ELECTRIC & GAS COMPANY

and

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Dated January 1, 1995

0.01 **THIS AGREEMENT**, made and entered into as of the 1st day of January, 1995, by and between South Carolina Electric & Gas Company, a South Carolina corporation, hereinafter called "Company," and South Carolina Public Service Authority, a South Carolina Corporation, hereinafter called "Authority."

WITNESSETH:

0.02 **WHEREAS**, Company and Authority entered into an Interchange Agreement, dated January 1, 1975; and

0.03 **WHEREAS**, Modification No. 1 to the above referenced Agreement was entered into on the 21st day of August, 1978; and

0.04 **WHEREAS**, Modification No. 2 to the above referenced Agreement was entered into on the 14th day of February, 1985; and

0.05 **WHEREAS**, changed operating conditions have necessitated the revision of this Interchange Agreement and the parties desire to modify the Agreement as hereinafter set forth:

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the parties agree as follows:

0.06 Article VII, Paragraph 7.1 of the Agreement is hereby modified and supplemented by the deletion of the reference to "Service Schedule A - Spinning Reserve" and the substitution in its place of the following:

Service Schedule A - Reserve

0.07 The Service Schedule A - Spinning Reserve, between Company and

Authority, dated September 22, 1978, is amended as follows:

- a. The title of the service schedule is deleted in its entirety and the following inserted in place thereof:

Service Schedule A - Reserve

- b. Section 2 is deleted in its entirety and the following inserted in place thereof:

SECTION 2 - DEFINITIONS

2.1 Emergency Reserve Capacity is defined as the capacity provided during the first 12 hours (or the remainder of the calendar day, if greater than 12 hours) following the emergency loss of a resource. The period during which Emergency Reserve Capacity is supplied shall be defined as the Emergency Period.

2.2 Daily Reserve Capacity is defined as the capacity provided immediately following an Emergency Period, or capacity provided as a matter of efficiency, or as otherwise mutually agreed.

2.3 Contingency Reserve is defined as capacity that may be made available following the emergency loss of a resource.

- c. Section 3 is deleted in its entirety and the following inserted in place thereof:

SECTION 3 - SERVICES TO BE RENDERED

3.1 In the event of an emergency loss of a resource, each system will make available to the other, up to the total available Contingency Reserve capacity on its system and, upon request, will attempt to obtain capacity and/or energy from a third party system.

3.2 In the event either party desires to purchase capacity to supply a portion of its Contingency Reserve rather than supply it from its own resources, each party will make available to the other such capacity to the extent that it is available.

- d. Subsections 4.11, 4.12, and 4.13 are deleted in their entirety and the following inserted in place thereof:

4.1 Demand Charge

4.11 When Emergency Reserve Capacity is provided there will be no demand charge. If the party suffering the outage requires assistance for a longer period than the Emergency Period, then that party will purchase Daily Reserve Capacity, unless otherwise mutually agreed.

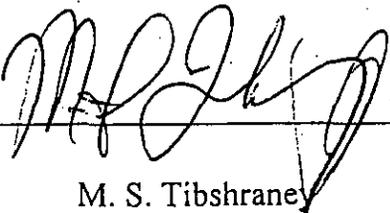
When Daily Reserve Capacity is provided, the receiving party will pay the delivering party a reserve demand charge of \$.08 per KW per day which includes a transmission use charge.

4.12 In the event the delivering party provides capacity to the receiving party from a third-party system, the receiving party will pay the delivering party a Demand Rate equal to (1) the Demand Rate charged by the third party, plus (2) a transmission use charge of \$.02 per kW per day. In transactions where no demand charge is made by the third party, the receiving party will pay the delivering party a transmission use rate of \$.02 per kW per day or 2 mills per kWh, whichever is less.

0.08 Except as hereinabove modified and supplemented, all the terms and conditions of the Interchange Agreement dated January 1, 1975, Modification No. 1 to the Interchange Agreement dated August 21, 1978, and Modification No. 2 to the Interchange Agreement dated February 14, 1985, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers.

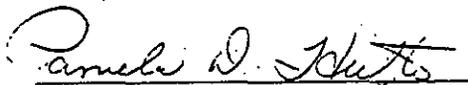
SOUTH CAROLINA ELECTRIC & GAS COMPANY

By: 

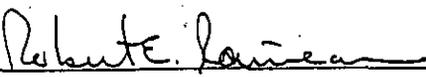
M. S. Tibshraney

Vice President, Power Delivery

ATTEST:

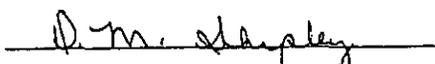


SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

By: 

Robert E. Rainear
Executive Vice President
Engineering & Operations

ATTEST:



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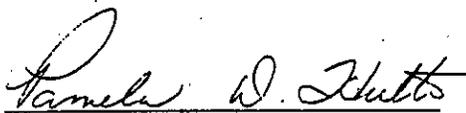
SOUTH CAROLINA ELECTRIC & GAS COMPANY

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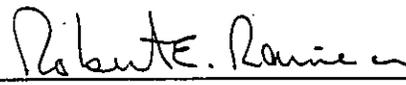
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Executive Vice President
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ATTEST:

