Bond Market Transactions for Years 2015, 2014 and 2013

YEAR 2015

Revenue Obligations:	**2015 Tax-exempt Refunding and Improvement Series A**	**Par Amount:**	$ 598,960,000
Purpose:	Refund a portion of the following: 2006 Series A, 2007 Series A, 2008 Series A, and 2009 Series B	**Date Closed:**	February 26, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.53 percent		
Revenue Obligations:	**2015 Taxable Series D**	**Par Amount:**	$ 169,657,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	February 26, 2015
Comments:	Taxable bonds with an all-in true interest cost of 4.28 percent		
Revenue Obligations:	**2015 Tax-exempt Refunding Series B**	**Par Amount:**	$ 64,870,000
Purpose:	Refund a portion of the following: 2005 Refunding Series C	**Date Closed:**	April 7, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 2.20 percent		
Revenue Obligations:	**2015 Series M1 – Current Interest Bearing Bonds (CIBS)**	**Par Amount:**	$ 28,879,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 21, 2015
Comments:	Tax-exempt minibonds		
Revenue Obligations:	**2015 Series M1 – Capital Appreciation Bonds (CABS)**	**Par Amount:**	$ 7,257,600
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 21, 2015
Comments:	Tax-exempt minibonds		
Revenue Obligations:	**2015 Tax-Exempt Refunding Series C**	**Par Amount:**	$ 270,170,000
Purpose:	Refund a portion of the following: 2005 Refunding Series A and 2005 Refunding Series B	**Date Closed:**	October 6, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 2.14 percent		
Revenue Obligations:	**2015 Tax-Exempt Series E**	**Par Amount:**	$ 300,000,000
Purpose:	To retire certain Commercial Paper Notes and to finance a portion of the Authority's ongoing capital program	**Date Closed:**	December 22, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 4.74 percent		

YEAR 2014

Revenue Obligations:	2014 Series M1 - Current Interest Bearing Bonds (CIBS)	Par Amount:	$ 32,593,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 22, 2014
Comments:	Tax-exempt minibonds		
Revenue Obligations:	2014 Series M1 - Capital Appreciation Bonds (CABS)	Par Amount:	$ 7,191,800
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 22, 2014
Comments:	Tax-exempt minibonds		
Revenue Obligations:	2014 Tax-exempt Series A	Par Amount:	$ 600,000,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	July 9, 2014
Comments:	Tax-exempt bonds with an all-in true interest cost of 4.92 percent		
Revenue Obligations:	2014 Tax-exempt Refunding Series B	Par Amount:	$ 42,275,000
Purpose:	Refund a portion of the following: 2004 Series A	Date Closed:	July 9, 2014
Comments:	Tax-exempt bonds with an all-in true interest cost of 4.41 percent		
Revenue Obligations:	2014 Tax-Exempt Refunding Series C and Taxable Refunding Series D	Par Amount:	$ 736,320,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A, 2005 Refunding Series A, 2006 Series A, 2006 Refunding Series C, 2007 Series A, 2007 Refunding Series B, 2008 Series A, 2009 Series B, 2010 Refunding Series B, 2011 Refunding Series B, 2012 Refunding Series A, 2012 Refunding Series B, 2012 Refunding Series C, 2012 Series D, and 2013 Taxable Series D London Interbank Offered Rate Index (LIBOR Index)	Date Closed:	October 28, 2014
Comments:	Tax-exempt and taxable bonds with an all-in true interest cost of 3.78 percent		

Bond Market Transactions for Years 2015, 2014 and 2013 (continued)

YEAR 2013

Revenue Obligations:	2013 Series M1 - Current Interest Bearing Bonds (CIBS)	Par Amount:	$	18,219,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		May 23, 2013
Comments:	Tax-exempt minibonds			
Revenue Obligations:	2013 Series M1 - Capital Appreciation Bonds (CABS)	Par Amount:	$	5,035,800
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		May 23, 2013
Comments:	Tax-exempt minibonds			
Revenue Obligations:	2013 Tax-exempt Series A	Par Amount:	$	252,655,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		August 21, 2013
Comments:	Tax-exempt bonds with an all-in true interest cost of 5.32 percent			
Revenue Obligations:	2013 Tax-exempt Refunding Series B	Par Amount:	$	388,730,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A, 2004 Series A, 2006 Series A, 2007 Series A, 2008 Taxable Series B, 2009 Series B, 2011 Taxable Series A (LIBOR Index) and 2012 Series D	Date Closed:		August 21, 2013
Comments:	Tax-exempt bonds with an all-in true interest cost of 5.32 percent			
Revenue Obligations:	2013 Taxable Series C	Par Amount:	$	250,000,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A and 2008 Taxable Series B	Date Closed:		August 21, 2013
Comments:	Taxable bonds with an all-in true interest cost of 5.83 percent			
Revenue Obligations:	2013 Taxable Series D (LIBOR Index Bonds)	Par Amount:	$	450,000,000
Purpose:	Refund a portion of the following: 2008 Taxable Series B, 2011 Taxable Series A (LIBOR Index) and 2012 Refunding Series C	Date Closed:		August 21, 2013
Comments:	Taxable bonds with variable interest rate set monthly based on the London Interbank Offered Rate (LIBOR) plus 87.5 - 110.0 basis points			
Revenue Obligations:	2013 Tax-exempt Series E	Par Amount:	$	506,765,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		October 4, 2013
Comments:	Tax-exempt bonds with an all-in true interest cost of 5.34 percent			

Cherry Bekaert

Report of Independent Auditor

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Report on the Financial Statements

:H KDYH DXGLWHG WKH DFFRPSDQ\LQJ ILQDQFLDO VWDWHPHQWV RI WKH 6RXWK &DUROLQD 6HUYLFH $XWKority (the "Authority") (a component unit of the state of South Carolina), which comprise the combined VWDWHPHQWV RI QHW SRVLWLRQ DV RI 'HFHP EHU G WKH EDODQFHV DQG FRP ELQHG VWDWHP HQWV RI UHYHQXHV H[SHQVHV DQG FKDQJHV LQ QHW SRVLWLRQ DQG F HDUV DWH HQGHG DQG WKH UHODWHG QF WR WKH FRP ELQHG ILQDQFLDO VWDWHP HQWV

Management's Responsibility for the Financial Statements

0DQDJHPHQW LV UHVSRQVLEOH IRU WKH SUHSDUDWLRQ DQG IDLU SUHVHQWDWLRQ RI WKHVH FRP ELQHG ILQDQFLDO VWDWHP HQWV DFFRUGDQFH ZLWK DFFRXQWLQJ SULQFLSOHV JHQHUDOO \ DFFHSWHG LQ WKH 8QLWHG 6WDWHV RI $P GHVLJQ LP SOHPHQWDWLRQ DQG PDLQWHQDQFH RI LQWHUQDO FRQWURO UHOHYDQW WR WKH SUHSDUDWLRQ DQG IDLU SUHVHQWDWLRQ RI FRPELQHG ILQDQFLDO VWDWHP HQWV IUHH RI PDWHULDO PLVVWDWHPHQW ZKHWKHU GXH WR IUDXG RU HUURU

Auditor's Responsibility

2XU UHVSRQVLELOLW \ LV WR H[SUHVV DQ RSLQLRQ RQ WKHVH FRP ELQHG ILQDQFLDO VWDWHP HQWV EDVHG RQ RXU DXGLWV : H FRQGXFWHG RXU DXGLWV LQ DFFRUGDQFH ZLWK DXGLWLQJ VW DQGDUGV JHQHUDOO\ DFFHSWHG LQ WKH 8QLWHG 6WDWHV RI $P DQG WKH VWDQGDUGV DSSOLFDEOH WR ILQDQFLDO DXGLWV FRQWDLQHG LQ *RYHUQPHQW *HQHUDO \WKH &RPSWUROOHU *HQHUDO RI WKH 8QLWHG 6WDWHV VWDQGDUGV DUH VXIILFLHQW SODQ DQG SHUIRUP WK H DXGLW WR REWDLQ UHDVRQDEOH DVVXUDQFH DERXW ZKHWKHU ELQHG ILQDQFLDO VWDWHP HQWV IUHH RI PDWHULDO PLVVWDWHPHQW $Q DXGLW LQYROYHV SHUIRUPLQJ SURFHGXUHV WR REWDLQ DXGLW HYLGHQFH DERXW WKH DP RXQWV DQG GLVFORVXUHV LQ WKH FRPELQHG ILQDQFLDO VWDWHP HQWV WKH SURFedures selected depend on the auditor's judgment, including the DVVHVVPHQW RI WKH ULVNV RI PDWHULDO PLVVWDWHPHQW RI WKH FRP ILQDQFLDO VWDWHP HQWV ZKHWKHU GXH WR IUDXG RU HUURU ,Q P DNLQJ WKRVH ULVN DVVHVVPHQWV WKH DXGLWRU FRQVLGHUV LQWHUQDO control relevant to the Authority's SUHSDUDWLRQ DQG IDLU SUHVHQWDWLRQ RI WKH ILQDQFLDO VWDWHP HQWV LQ RUGHU WR GHVLJQ DXGLW SURFHGXUHV WKDW DUH DSSURSULDWH LQ WKH FLUFXPVWDQFHV IRU WKH SXUSRVH RI QR RSLQLRQ RQ WKH HIIHFWLYHQHVV RI the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the DSSURSULDWHQHVV RI DFFRXQWLQJ SROLFLHV XVHG DQG WKH UHDVRQDEOHQHVV RI VLJQLFDQW DFFRXQWLQJ HVWLP DWHV P D E\P DQDJHPHQW DV ZHOO DV HYDOXDWLQJ WKH RYHUDOO SUHVHQWDWLRQ RI WKH ILQDQFLDO VWDWHP HQWV :H EHOLHYH WKDW WKH DXGLW HYLGHQFH REWDLQHG LVXIILFLHQW DQG DSSURSULDWH WR SURYLGH D EDVLV IRU RXU DXGLW RSLQLRQV

Opinions

,Q RXU RSLQLRQ WKH FRP ELQHG ILQDQFLDO VWDWHP HQWV UHVSHFWLYH ILQDQFLDO SRVLWLRQ RI WKH 6RXWK &DUROLQD 6HUYLFH $XWKRULW\ \ DV RI 'HFHP EHU DQG WKH UHVSHFWLYH FKDQJHV LQ QHW SRVLWLRQ DQG LWV FDVK IORZ IRU WKH \HDUV WKHQ HQGHG LQ DFFRUGDQFH ZLWK DFFRXQWLQJ SULQFLSOHV JHQHUDOO\ DFFHSWHG LQ WKH 8QLWHG 6WDWHV RI $P HULFD

Other Matters

Emphasis of Matter

$V GLVFXVVHG LQ 1RWH WR WKH FRQGQFLDO VWDWHPHQW DGRSWHG *RYHUQP HQWDO $FFRXQWL 6WDQGDUGV %RDUG 6WDWHP *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* DQG 6WDWHP HQW R *Pension Transition for Contributions made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* $V D UHVXOW QHW SRV DV RI 'HFHP EHU LQ WKH 6WDWHP HQW RI [HFXWLYH DQG &KDQJHV LQ 3RVLWLRQ KDV EHHQ UHVWDWHG 2XU RSLQLRQ LV QRW P RGLILHG ZLWK UHVSHFW WR WKLV P DWWHU

Required Supplementary Information

$FFRXQWLQJ SULQF LSOHV DFFHSWHG LQ WKH 8QLWHG SWDWHV RI Aire that the Management's 'LVFXVVLRQ DQG $QDO\ VLV EH SUHVHQWHG WR HP HQW WKH FRP ELQHG ILQDQFLDO VWDWHP HQWV 6XFK LQIR DOWKRXJK QRW D SDUW RI WKH EDQFLDO VWDWHPTXLQWV E\ WKH *RYHUQP HQWDO $FFRXQWLQJ 6WDQGDUGV %RDUG ZKR FRQVLGHUV LW HVVHQWLDO SDUW RI HFRQRPLF LQIRUPDWLRQ IKSEPLQHG ILQDQFLDO VWDWHPHQWV LQ DQ DSSUR RDWH HFRQRP LFDRFRQWH[H KDYH DSSOLHG FHUWDLQ OLP LWH SURFHGXUHV WR WKH UHTXLUHG VXSSOHP HQWDU\LQIRUPDWLRQ ZHWDOOLQRFDGGDUGV JHQHUDOO \DFFH LQ WKH 8QLWHG 6WDWHV RZKFK FRQVLVWHG RI LQTXLULHV RP HQW DERXWWKRGV RI SUHSDULQJ WKH information and comparing the information for consistency with management's responses tR RXU LQTXLULHV WKH FRPELQHG ILQDQFLDO VWDWHPHQWV DQG QRZOHJH ZHGXWQ9XG DXLWFRPELQHG ILQDQFLDO VWDWHPHQWV :H GR QRW H[SUHVV DQ RSLQLRQ RU SURYLGH DQ\ DVVXUDQFH WKH OLP LWH SURFHGXUHV GR QRW SURYLGH VIIFLHQW HYLGHQFH WR[SUHVV DQ RSLQLRQ RU SURYLDQ\ DVVXUDQFH

Other Information

2XU DXGLW ZDV FRQGXFWHG IRU WKH SXUSRVH RI IRUP WKH FRP ELQHG ILQDQFLDO VWDWHP HQWV DV D ZKR 7KH &KDLUP DQ DQG &(2 WHU &RUSRUDWH 6WDWHPHQWV Chairwoman's Letter, Leadership, and 2IILFH /RFDWLRQ LQWHG LQ WKH WDEOH RI FRQWHQWV RI WKH DQQXDO UHSRUW DUH SUHV HQWHG II DQDO\VLV DQG DUH QRW D UHTXLUHG SDUW RI WKH FRP ELQHG ILQDQFLDO VWDWHP HQWV 6XFK LQIR VXEMHFWHG WR WKH DXGLWLQJ SURFHGXUHV DSSOLHG LQ RXU DXGLW RI WKH ILQDQFLDO VWDWHP HQWV DQG DFFRUGLQJO\ ZH GR QRW H[SUHVV DQ RSLQLRQ RQ WKHP

Other Reporting Required by Government Auditing Standards

,Q DFFRUGDQFH ZLWK *RYHUQP HQW $XGLWLQJ 6WDQGDUGV ZH KDYH DOVR UHSRUWHG)HEUXDU \ on or consideration of the Authority's internal control over financial reporting and on our tests of its compliance ZLWK FHUWDLQ SURYLVLRQV RI OD DJUHP HQWV DQG RWKHU P DWWHUV 7KH SXUSRVH WKDW UHSRUW LV WR GHVFULEH WKH VFRSH RI RXU WHVWLQJ RI LQWHUQDO FRQWURO RYHU ILQDQFLDO UHSRUWLQJ DQG FRP SOLE WKH UHVXOWV RI WKDW WHVWLQJ DQG QRW WR SURYLGH DQ RSLQLRQ RQ WKH HIIHFWLYHQHVV RI WKH ILQDQFLDO UHSRUWLQJ F FRPSOLDQFH 7KDW UHSRUW LV DQ LQWHJUDO SDUW RI DQ DXGLW SHUIRUPHG LQ DFFRUGDQFH ZLWK *RYHUQPHQW $XGLWLQJ Standards, and should be considered in assessing the Authority's internal control over financial reporting and FRPSOLDQFH

Cherry Bekaert LLP

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Combined Statements of Net Position

South Carolina Public Service Authority
As of December 31, 2015 and 2014

	2015	2014
	(Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	$ 113,413	$ 171,830
Unrestricted investments	531,120	520,282
Restricted cash and cash equivalents	168,930	289,149
Restricted investments	1,165,630	836,032
Receivables, net of allowance for doubtful accounts of $1,662 and $1,555 at December 31, 2015 and 2014, respectively	175,931	187,324
Materials inventory	126,259	113,635
Fuel inventory		
Fossil fuels	507,716	333,648
Nuclear fuel-net	161,990	150,577
Interest receivable	3,357	1,786
Prepaid expenses and other current assets	200,925	233,639
Total current assets	3,155,271	2,837,902
Noncurrent assets		
Restricted cash and cash equivalents	205	352
Restricted investments	126,282	122,657
Capital assets		
Utility plant	7,134,706	7,023,729
Long lived assets-asset retirement cost	507,394	507,394
Accumulated depreciation	(3,476,246)	(3,332,127)
Total utility plant-net	4,165,854	4,198,996
Construction work in progress	3,337,353	2,712,851
Other physical property-net	5,914	5,939
Investment in associated companies	7,001	8,584
Unamortized debt expenses	39,249	35,902
Costs to be recovered from future revenue	240,923	247,359
Regulatory asset-asset retirement obligation	699,748	660,181
Other noncurrent and regulatory assets	215,987	173,870
Total noncurrent assets	8,838,516	8,166,691
Total assets	$ 11,993,787	$ 11,004,593
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	$ 31,430	$ 0
Accumulated decrease in fair value of hedging derivatives	91,372	69,958
Unamortized loss on refunded and defeased debt	133,932	133,680
Total deferred outflows of resources	$ 256,734	$ 203,638
Total assets & deferred outflows of resources	$ 12,250,521	$ 11,208,231

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Net Position (continued)

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	2015	2014
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long-term debt	$ 172,896	$ 149,689
Accrued interest on long-term debt	67,378	79,061
Commercial paper	597,520	410,139
Accounts payable	362,755	260,727
Other current liabilities	99,042	131,766
Total current liabilities	1,299,591	1,031,382
Noncurrent liabilities		
Construction liabilities	6,643	6,377
Net pension liability	286,300	0
Asset retirement obligation liability	1,046,054	1,043,629
Total long-term debt (net of current portion)	6,961,336	6,399,449
Unamortized debt discounts and premiums	345,133	239,713
Long-term debt-net	7,306,469	6,639,162
Other credits and noncurrent liabilities	130,192	110,717
Total noncurrent liabilities	8,775,658	7,799,885
Total liabilities	$ 10,075,249	$ 8,831,267
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	$ 17,424	$ 0
Accumulated increase in fair value of hedging derivatives	4,701	1,138
Nuclear decommissioning costs	211,357	207,363
Total deferred inflows of resources	$ 233,482	$ 208,501
NET POSITION		
Net invested in capital assets	$ 1,195,402	$ 957,835
Restricted for debt service	79,771	108,457
Restricted for capital projects	4,304	6,515
Unrestricted	662,313	1,095,656
Total net position	$ 1,941,790	$ 2,168,463
Total liabilities, deferred inflows of resources & net position	$ 12,250,521	$ 11,208,231

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Combined Statements of Revenues, Expenses and Changes in Net Position

South Carolina Public Service Authority
Years Ended December 31, 2015 and 2014

	2015	2014
	(Thousands)	
Operating revenues		
Sale of electricity	$ 1,856,523	$ 1,975,362
Sale of water	8,069	7,854
Other operating revenue	14,961	14,131
Total operating revenues	1,879,553	1,997,347
Operating expenses		
Electric operating expenses		
Production	123,421	109,194
Fuel	713,308	820,720
Purchased and interchanged power	193,646	237,187
Transmission	26,749	24,885
Distribution	11,216	10,626
Customer accounts	15,316	15,616
Sales	13,476	12,378
Administrative and general	88,899	89,286
Electric maintenance expenses	131,331	116,560
Water operating expenses	2,864	2,687
Water maintenance expenses	910	858
Total operating and maintenance expenses	1,321,136	1,439,997
Depreciation	176,039	173,743
Sums in lieu of taxes	5,313	5,484
Total operating expenses	1,502,488	1,619,224
Operating income	377,065	378,123
Nonoperating revenues (expenses)		
Interest and investment revenue	9,207	29,023
Net decrease in the fair value of investments	(4,455)	(2,017)
Interest expense on long-term debt	(282,564)	(268,989)
Interest expense on commercial paper and other	(3,033)	(4,840)
Amortization expense	6,494	(1,164)
Costs to be recovered from future revenue	(6,435)	19,798
U.S. Treasury subsidy on Build America Bonds	7,559	7,542
Other-net	(49,323)	(8,481)
Total nonoperating revenues (expenses)	(322,550)	(229,128)
Income before transfers	54,515	148,995
Capital contributions & transfers		
Distribution to the State	(20,116)	(20,659)
Total capital contributions & transfers	(20,116)	(20,659)
Change in net position	34,399	128,336
Net position-beginning of period as previously reported	2,168,463	2,040,127
Restatement (Note 15)	(261,072)	0
Total net position-beginning of period as restated	1,907,391	2,040,127
Total net position-ending	$ 1,941,790	$ 2,168,463

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Cash Flows

South Carolina Public Service Authority
Years Ended December 31, 2015 and 2014

	2015	2014
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	$ 1,890,839	$ 1,998,875
Payments to non-fuel suppliers	(787,254)	(124,575)
Payments for fuel	(703,519)	(813,871)
Purchased power	(193,646)	(237,263)
Payments to employees	(175,633)	(162,872)
Other receipts-net	206,834	374,315
Net cash provided by operating activities	237,621	1,034,609
Cash flows from non-capital related financing activities		
Distribution to the State	(20,116)	(20,659)
Proceeds from sale of bonds	13,150	54,105
Proceeds from issuance of commercial paper notes	180,885	229,105
Repayment of commercial paper notes	(13,986)	(105,062)
Refunding / defeasance of long-term debt	(14,065)	(469,708)
Repayment of long-term debt	(119)	(143)
Interest paid on long-term debt	(8,383)	(18,156)
Interest paid on commercial paper and other	(4,321)	(3,286)
Bond issuance and other related costs	694	(7,424)
Net cash provided by (used in) non-capital related financing activities	133,739	(341,228)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	1,426,644	1,364,075
Proceeds from issuance of commercial paper notes	65,201	59,661
Repayment of commercial paper notes	(44,719)	(145,638)
Refunding / defeasance of long-term debt	(659,490)	(753,782)
Repayment of long-term debt	(139,132)	(95,615)
Interest paid on long-term debt	(338,020)	(304,308)
Interest paid on commercial paper and other	(905)	(2,331)
Construction and betterments of utility plant	(587,228)	(725,145)
Bond issuance and other related costs	100,264	75,525
Other-net	(31,879)	(8,427)
Net cash used in capital related financing activities	(209,264)	(535,985)
Cash flows from investing activities		
Net decrease in investments	(348,516)	(82,694)
Interest on investments	7,637	29,901
Net cash used in investing activities	(340,879)	(52,793)
Net (decrease)/increase in cash and cash equivalents	(178,783)	104,603
Cash and cash equivalents-beginning	461,331	356,728
Cash and cash equivalents-ending	$ 282,548	$ 461,331

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Cash Flows (continued)

South Carolina Public Service Authority
Years Ended December 31, 2015 and 2014

	2015	2014
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 377,065	$ 378,123
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	176,039	173,743
Amortization of nuclear fuel	22,832	22,552
Net power gains involving associated companies	(47,366)	(27,711)
Distributions from associated companies	44,864	23,674
Advances to associated companies	162	(107)
Other income and expenses	(37,049)	3,807
Changes in assets and liabilities		
Accounts receivable-net	11,393	1,768
Inventories	(186,692)	113,581
Prepaid expenses	32,845	(21,928)
Other deferred debits	(48,474)	245,692
Accounts payable	(140,604)	50,545
Other current liabilities	(31,070)	57,779
Other noncurrent liabilities	63,676	13,091
Net cash provided by operating activities	$ 237,621	$ 1,034,609
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	$ 113,413	$ 171,830
Restricted cash and cash equivalents	168,930	289,149
Noncurrent		
Restricted cash and cash equivalents	205	352
Cash and cash equivalents at the end of the year	$ 282,548	$ 461,331

NOTES

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- The South Carolina Public Service Authority (the Authority or Santee Cooper), a component unit of the State of South Carolina (the State), was created in 1934 by the State legislature. The Santee Cooper Board of Directors (Board) is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by bonds, commercial paper and internally generated funds. As authorized by State law, the Board sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants.

The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting.

The Authority's combined financial statements include the accounts of the Lake Moultrie Water Agency and Lake Marion Regional Water Agency after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water systems.

The Authority also complies with policies and practices prescribed by its Board and practices common in both industries. As the Board is authorized to set rates, the Authority follows GASB 62. This standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in the Authority's reporting. This practice affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The Authority presents assets and liabilities in order of relative liquidity. The liquidity of an asset is determined by how readily it is expected to be converted to cash and whether restrictions limit the use of the resources. The liquidity of a liability is based on its maturity, or when cash is expected to be used to liquidate the liability.

For purposes of the Combined Statements of Net Position and Combined Statements of Cash Flows, assets are restricted when constraints are placed on their use by either:

(1) External creditors, grantors, contributors, or laws or regulations of other governments; or
(2) Law through constitutional provisions or enabling legislation.

Assets not meeting the requirements of restricted are classified as unrestricted.

For purposes of the Combined Statements of Net Position and Combined Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less and cash on deposit with financial institutions as unrestricted and restricted cash and cash equivalents.

Material and fuel inventories are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost.

Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is capitalized only when interest payments are funded through borrowings. The Authority capitalized $43.5 million and $59.3 million of interest in 2015 and 2014, respectively. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the gross plant balance of various classes of assets which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates. For assets not grouped in a plant class, straight-line depreciation is used over the estimated useful life of the asset.

Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were as follows:

Years Ended December 31,	2015	2014
Annual average depreciation percentages	2.6%	2.6%

The Authority follows the guidance of PASB ASC 410 in regards to the decommissioning of V.C. Summer Nuclear Station (Summer Nuclear) and closing coal-fired generation ash ponds. The requirements for both were recorded within capital assets on the accompanying Combined Statements of Net Position.

The asset retirement obligation (ARO) is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The following table summarizes the Authority's transactions:

Years Ended December 31,	2015			2014		
	Nuclear	Ash Ponds	Total	Nuclear	Ash Ponds	Total
			(Millions)			
Reconciliation of ARO Liability:						
Balance as of January 1,	$ 678.8	$ 364.8	$ 1,043.6	$ 664.4	$ 359.8	$ 1,024.2
Accretion expense	14.7	(12.3)	2.4	14.4	5.0	19.4
Balance as of December 31,	$ 693.5	$ 352.5	$ 1,046.0	$ 678.8	$ 364.8	$ 1,043.6
Asset Retirement Cost (ARC):	$ 334.3	$ 173.1	$ 507.4	$ 334.3	$ 173.1	$ 507.4

The Authority's Board authorized the retirement of six generating units during 2012. December 2012 was set for the permanent retirement date for four coal-fired generating units (Grainger Units 1 and 2 and Jefferies Units 3 and 4). In compliance with GASB 42, the required accounting entries were recorded for capital assets, depreciation effect, costs to be recovered from future revenue (CTBR) expense, materials and supplies.

2015 updates include the sale of Grainger Unit 1 and 2 for scrap and continued preparation for a future sale of Jefferies Units 3 and 4 generating station assets. In addition, sales of coal (fuel stock pile) from the Jefferies and Grainger generating stations also continued. The sale of coal will continue at both generation sites (Jefferies and Grainger) until fully depleted.

The Authority continues to implement the appropriate processes to fully close the retired units in order to remain in compliance with regulatory requirements. It should be noted that the closure of the ash ponds at each site will result in additional entries and adjustments to accumulated depreciation, ARO and various other balances in subsequent years.

The Authority made the decision in 2007 to build a coal-fired generation plant in Florence County, S.C. In 2009 the Authority chose not to pursue this option. Assets related to this project are classified as other current and noncurrent regulatory assets. Management has chosen to write off the total asset balance of $264.4 million over a period ending December 2020. Accordingly, $42.6 million and $9.2 million were written off in 2015 and 2014, respectively. The remaining balance outstanding at December 31, 2015 is $212.6 million.

The Authority is a member of The Energy Authority (TEA). Approximate ownership interests were as follows:

Years Ended December 31,	2015	2014
Owners	Ownership (%)	
City Utilities of Springfield (Missouri)	5.55	5.00
Cowlitz Public Utility District (Washington)	5.55	5.00
Gainesville Regional Utilities (Florida)	5.55	5.00
American Municipal Power (Ohio)	16.67	17.00
JEA (Florida)	16.67	17.00
MEAG Power (Georgia)	16.67	17.00
Nebraska Public Power District (Nebraska)	16.67	17.00
Santee Cooper (South Carolina)	16.67	17.00
Total	100.00	100.00

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority:

Years Ended December 31,	2015	2014
	(Thousands)	
TEA Investment:		
Balance as of January 1,	$ 8,281	$ 6,644
Reduction to power costs and increases in electric revenues	43,809	25,336
Less: Distributions from TEA	44,864	23,674
Less: Other (includes equity losses)	368	25
Balance as of December 31,	$ 6,858	$ 8,281
Due To/Due From TEA:		
Payable to	$ 26,839	$ 26,125
Receivable from	$ 3,245	$ 782

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2015, the trade guarantees are an amount not to exceed approximately $93.3 million.

The Authority was also a member of Colectric Partners (Colectric). Members consisted of JEA (Florida), MEAG Power (Georgia), Nebraska Public Power District (Nebraska) and Santee Cooper (South Carolina), all owning an equal 25 percent share.

Colectric provided public power utilities with key project and business management resources. The Authority participated in several of Colectric's initiatives. The largest involved managing the major gas turbine overhauls, thereby promoting the sharing of spare parts and technical expertise. Another was the strategic sourcing initiative, intended to achieve major cost savings through volume purchasing leverage. Since 2001, cumulative net direct cost and direct savings have been $4.4 million and $18.8 million, respectively. Due to the maintenance sharing initiative ceasing, the Colectric Board of Directors voted in January 2015 to cease operations of Colectric effective March 31, 2015.

The Authority's exposure related to Colectric was limited to its capital investment, any accounts receivable and any indemnifications related to agreements between Colectric and the Authority. These indemnifications are within the scope of FASB ASC 952. The Authority's initial investment in Colectric was $413,000. The balance in its member equity account at December 31, 2015 and 2014 was approximately $5,000 and $194,000, respectively.

On October 1, 2013, the Authority along with MEAG Power became originating members of TEA Solutions. JEA and Cowlitz Public Utility District joined later in 2013. TEA Solutions is a publicly supported non-profit corporation. Members and ownership interests were as follows:

Years Ended December 31,	2015	2014
Owners	Ownership (%)	
Cowlitz Public Service District (Washington)	8.0	8.0
American Municipal Power (Ohio)	23.0	23.0
JEA (Florida)	23.0	23.0
MEAG Power (Georgia)	23.0	23.0
Santee Cooper (South Carolina)	23.0	23.0
Total	100.0	100.0

TEA Solutions was formed mainly to (1) coordinate the operation of electric generation resources and the purchase and sale of electric power on behalf of the corporation's clients; (2) coordinate the purchase and sale of natural gas relating to fuel for clients' generation of electric energy or relating to clients' operation of a retail gas distribution system; and (3) provide consulting and software services to clients.

The Authority funded its initial share of TEA Solutions with a $150,000 contribution in 2013. This contribution was to cover legal, consulting and other start-up costs pertaining to TEA Solutions. The Authority's exposure relating to TEA Solutions is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. The balance in its member equity account at December 31, 2015 and 2014 was approximately $122,000 and $110,000, respectively.

(j) Deferred Outflows of Resources and Deferred Inflows of Resources In addition to assets, the Combined Statements of Net Position reports a separate section for Deferred Outflows of Resources. These items represent a consumption of net position that applies to a future period and until that time will not be recognized as an expense or expenditure. The Authority has three items meeting this criterion: (1) deferred outflows – pension; (2) accumulated decrease in fair value of hedging derivatives; and (3) unamortized loss on refunded and defeased debt.

In addition to liabilities, the Combined Statements of Net Position also reports a separate section for Deferred Inflows of Resources. These items represent an acquisition of net position that applies to a future period and until that time will not be recognized as revenue. The Authority has three items meeting this criterion: (1) deferred inflows – pension; (2) accumulated increase in fair value of hedging derivatives; and (3) nuclear decommissioning costs.

The following table summarizes the Authority's total deferred items:

Years Ended December 31,	2015	2014
	(Thousands)	
Deferred outflows of resources	$ 256,734	$ 203,638
Deferred inflows of resources	$ 233,482	$ 208,501

In compliance with GASB 53 and 64, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred (reported as deferred outflows of resources and deferred inflows of resources on the Combined Statements of Net Position). Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Natural gas and heating oil, core business commodity inputs for the Authority, have historically been hedged in an effort to mitigate gas and oil cost risk by reducing cost volatility and improving cost effectiveness. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

A summary of the Authority's derivative activity for years ended December 31, 2015 and 2014 is below:

Cash Flow Hedges and Summary of Activity

Years Ended December 31,	Account Classification	2015	2014
		(Millions)	
Fair Value			
Natural gas	Regulatory assets/liabilities	$ (84.5)	$ (60.3)
Heating oil	Regulatory assets/liabilities	(2.2)	(8.6)
Changes in Fair Value			
Natural gas	Regulatory assets/liabilities	$ (24.2)	$ (48.8)
Heating oil	Regulatory assets/liabilities	6.4	(8.8)
Recognized Net Gains (Losses)			
Natural gas	Operating expense-fuel	$ (44.6)	$ 5.8
Heating oil	Operating expense-fuel	(11.0)	(0.4)
Realized But Not Recognized Net Gains (Losses)			
Natural gas	Regulatory assets/liabilities	$ (8.8)	$ 2.7
Heating oil	Regulatory assets/liabilities	(0.2)	0.0
Notional			
		MBTUs	
Natural gas		107,033	61,980
		Gallons (000s)	
Heating oil		6,930	12,012

Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $13.0 million in 2015 and $15.3 million in 2014.

Fuel costs are reflected in operating expenses as fuel is consumed. Fuel expense for all customers is billed utilizing rates and contracts, the majority of which include fuel adjustment provisions based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period.

GASB 62 requires that any gains or losses resulting from extinguishment of debt be expensed at the time of extinguishment. GASB 65 requires that debt issuance costs be expensed in the period incurred. In order to align the impact of these pronouncements with the Authority's rate making process, in October 2012, the Board authorized the use of regulatory accounting to allow continuation of prior accounting treatment with regard to these costs.

Consistent with prior accounting periods, unamortized debt discounts, premiums and expenses are amortized to income over the terms of the related debt issues. Gains or losses on refunded and extinguished debt are amortized to earnings over the shorter of the remaining life of the refunded debt or the life of the new debt.

Any and all net earnings of the Authority not necessary for the prudent conduct and operation of its business in the best interests of the Authority or to pay the principal of and interest on its bonds, notes, or other evidences of indebtedness or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others must be paid over semiannually to the State Treasurer for the general funds of the State. Nothing in this section shall prohibit the Authority from paying to the State each year up to one percent of its projected operating revenues, as such revenues would be determined on an accrual basis, from the combined electric and water systems. (Code of Laws of South Carolina, as amended Section 58-31-110).

Distributions made to the State in 2015 and 2014 totaled approximately $20.1 million and $20.7 million, respectively.

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 67	**Financial Reporting for Pension Plans - an amendment of GASB 25**	
Issue Date: June 2012	Effective for Periods Beginning After: June 15, 2013	
Description:	The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. GASB 67 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. GASB 67 replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*.	Implemented in 2015
Statement No. GASB 68	**Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27**	
Issue Date: June 2012	Effective for Periods Beginning After: June 15, 2014	
Description:	The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.	Implemented in 2015
Statement No. GASB 69	**Government Combinations and Disposals of Government Operations**	
Issue Date: January 2013	Effective for Periods Beginning After: December 15, 2013	
Description:	This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions and transfers of operations.	Reviewed and no action required.
Statement No. GASB 70	**Accounting and Financial Reporting for Nonexchange Financial Guarantees**	
Issue Date: April 2013	Effective for Periods Beginning After: June 15, 2013	
Description:	The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not the government will be required to make a payment on the guarantee.	Reviewed and no action required.

Statement No. GASB 71	**Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68**	
Issue Date: November 2013	The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.	
Description:	The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state of local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.	Implemented in 2015
Statement No. GASB 72	**Fair Value Measurement and Application**	
Issue Date: February 2015	Effective for Periods Beginning After June 15, 2015	
Description:	This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.	Under Review
Statement No. GASB 73	**Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68**	
Issue Date: June 2015	Effective for Periods Beginning After June 15, 2015	
Description:	The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement 68 for pension plans and pensions that are within their respective scopes.	Under Review
Statement No. GASB 74	**Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**	
Issue Date: June 2015	Effective for Periods Beginning After June 15, 2016	
Description:	The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.	
	This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.	Under Review
Statement No. GASB 75	**Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**	
Issue Date: June 2015	Effective for Periods Beginning After June 15, 2017	
Description:	The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.	
	This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.	Under Review

Statement No. GASB 76	**The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments**	
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2015	
Description:	The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.	Under Review
	This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.	
Statement No. GASB 77	**Tax Abatement Disclosures**	
Issue Date: August 2015	Effective for Periods Beginning After: December 15, 2015	
Description:	Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.	Under Review
	This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.	
Statement No. GASB 78	**Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans**	
Issue Date: December 2015	Effective for Periods Beginning After: December 15, 2015	
Description:	This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.	Under Review
Statement No. GASB 79	**Certain External Investment Pools and Pool Participants**	
Issue Date: December 2015	Effective for Periods Beginning After: June 15, 2015	
Description:	This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.	Under Review

NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE (CTBR)

The Authority's rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with GASB 62, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as CTBR. The recovery of outstanding amounts recorded as CTBR will coincide with the repayment of the applicable outstanding debt. The Authority's summary of CTBR activity is recapped below:

Years Ended December 31,	2015	2014
	(Millions)	
CTBR regulatory asset:		
Balance	$ 240.9	$ 247.4
CTBR expense/(reduction to expense):		
Net expense	$ 6.4	$ (19.8)

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2015 and 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
		Year 2015 (Thousands)		
Utility plant	$ 7,023,729	$ 156,369	$ (45,392)	$ 7,134,706
Long lived assets-asset retirement cost	507,394	0	0	507,394
Accumulated depreciation	(3,332,127)	(212,951)	68,832	(3,476,246)
Total utility plant-net	4,198,996	(56,582)	23,440	4,165,854
Construction work in progress	2,712,851	781,075	(156,573)	3,337,353
Other physical property-net	5,939	0	(25)	5,914
Totals	$ 6,917,786	$ 724,493	$ (133,158)	$ 7,509,121
		Year 2014 (Thousands)		
Utility plant	$ 6,910,962	$ 156,358	$ (43,591)	$ 7,023,729
Long lived assets-asset retirement cost	507,394	0	0	507,394
Accumulated depreciation	(3,150,020)	(210,661)	28,554	(3,332,127)
Total utility plant-net	4,268,336	(54,303)	(15,037)	4,198,996
Construction work in progress	2,100,631	768,586	(156,366)	2,712,851
Other physical property-net	6,084	79	(224)	5,939
Totals	$ 6,375,051	$ 714,362	$ (171,627)	$ 6,917,786

NOTE 4 – CASH AND INVESTMENTS HELD BY TRUSTEE AND FUND DETAILS

All cash and investments of the Authority are held and maintained by custodians and trustees. The use of unexpended proceeds from sale of bonds, debt service funds and other sources is designated in accordance with applicable provisions of various bond resolutions, lease agreements, the Enabling Act included in the South Carolina Code of Laws (the Enabling Act) or by management directive. Restricted funds have constraints placed on their use (see Note 1 - D – "Restricted Assets"). The use of unrestricted funds may be either designated for a specific use by management directive or undesignated, but are available to provide liquidity for operations as needed.

Following are the details of the Authority's funds which are classified in the accompanying financial statements as unrestricted and restricted cash, cash equivalents and investments:

Years Ended December 31,	2015			2014		
Funds	Cash & Cash Equivalents	Investments	Total	Cash & Cash Equivalents	Investments	Total
			(Thousands)			
Current Unrestricted:						
Capital Improvement	$ 23,534	$ 142,892	$ 166,426	$ 44,216	$ 132,728	$ 176,944
Debt Reduction	3,575	53,879	57,454	10,713	45,224	55,937
Funds from Taxable Borrowings	9,216	176,509	185,725	11,457	130,895	142,352
General Improvement	579	2,448	3,027	1,438	1,450	2,888
Internal Nuclear Decommissioning Fund	2,764	81,230	83,994	415	83,090	83,505
Nuclear Fuel	2,701	13,017	15,718	5,318	23,999	29,317
Revenue and Operating	63,811	15,289	79,100	72,021	33,007	105,028
Special Reserve and Other	7,233	45,856	53,089	26,252	69,889	96,141
Total	$ 113,413	$ 531,120	$ 644,533	$ 171,830	$ 520,282	$ 692,112
Current Restricted:						
Debt Service Funds	$ 68,190	$ 78,959	$ 147,149	$ 65,178	$ 122,340	$ 187,518
Funds from Tax-exempt Borrowings	65,069	1,062,535	1,127,604	164,567	691,392	855,959
Other	35,671	24,136	59,807	59,404	22,300	81,704
Total	$ 168,930	$ 1,165,630	$ 1,334,560	$ 289,149	$ 836,032	$ 1,125,181
Noncurrent Restricted:						
External Nuclear Decommissioning Trust	$ 205	$ 126,282	$ 126,487	$ 352	$ 122,657	$ 123,009
Total	$ 205	$ 126,282	$ 126,487	$ 352	$ 122,657	$ 123,009
TOTAL FUNDS	$ 282,548	$ 1,823,032	$ 2,105,580	$ 461,331	$ 1,478,971	$ 1,940,302
Cash and investments as of December 31, consisted of the following:						
Cash/Deposits			$ 64,639			$ 87,503
Investments			2,040,941			1,852,799
Total cash and investments			$ 2,105,580			$ 1,940,302

These funds are used for operating activities for the Authority's respective systems. Although funds are segregated per management directive based on their intended use, since no restrictions apply, the funds are available to provide additional liquidity for operations. Included in this category is the internal Nuclear Decommissioning Fund intended by management to be used to offset future nuclear decommissioning costs and represents amounts in excess of the mandated Nuclear Regulatory Commission (NRC) decommissioning requirement which is funded separately in an external Nuclear Decommissioning Trust. Also included are funds from taxable borrowings intended to be used for both capital construction costs and for working capital purposes, as expected at the time proceeds are borrowed.

These funds are restricted in their allowed use. Debt service funds are restricted for payment of principal and interest debt service on outstanding debt. Funds from tax-exempt borrowings are intended to be used for capital construction costs as expected at the time proceeds are borrowed and are restricted pursuant to sections of both the U.S. Treasury Regulations and the Internal Revenue Code that govern the use of tax-exempt debt. Other funds are restricted for other special purposes.

These funds are restricted as to their specific use. The external Nuclear Decommissioning Trust is restricted for future nuclear decommissioning costs and represents the mandated NRC funding requirements.

The Authority's investments are authorized by the Enabling Act, the Authority's investment policy and the Revenue Obligation Resolution. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a 10 year maximum maturity in all portfolios, except the decommissioning funds. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

All debt securities are recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Position.

The Authority's investment activity in all fund categories is summarized as follows:

Years Ended December 31,	2015	2014
Total Portfolio	(Billions)	
Total investments	$ 2.0	$ 1.8
Purchases	49.6	71.2
Sales	49.4	71.0
Nuclear Decommissioning Portfolios	(Millions)	
Total investments	$ 210.5	$ 206.5
Purchases	697.8	691.4
Sales	691.9	685.7
Unrealized holding gain/(loss)	(1.7)	17.0
Repurchase Agreements (1)	(Millions)	
Balance at December 31	$ 98.9	$ 304.1

(1) Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.

Common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk are as follows:

Risk Type	Exposure
Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.	As of December 31, 2015 and 2014, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Rating Services.
Custodial Credit Risk-Investments - Risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.	As of December 31, 2015 and 2014, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore, there is no custodial risk for investment securities.
Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.	At December 31, 2015 and 2014, the Authority had no exposure to custodial credit risk for deposits that were uninsured and/or collateral that was held by the bank's agent not in the Authority's name.
Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.	Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2015 and 2014 were as follows:

Security Type / Issuer	Fair Value 2015	Fair Value 2014
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	$ 917,423	$ 597,048
Federal National Mortgage Association	210,528	334,680
Federal Farm Credit Bank	339,001	319,420
Federal Home Loan Mortgage Corp	333,923	225,405

Interest Rate Risk - Risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations. The following table shows the distribution of the Authority's investments by maturity at December 31, 2015 and 2014:

	2015		2014	
Investment Type	Fair Value (Thousands)	Weighted Average Maturity (Years)	Fair Value (Thousands)	Weighted Average Maturity (Years)
Certificates of Deposits	$ 1,450	0.21	$ 1,450	0.21
Federal Agency Discount Notes	413,582	0.18	465,622	0.18
Federal Agency Securities	1,412,756	2.18	1,036,008	2.32
Repurchase Agreements	98,910	0.01	304,118	0.01
U.S. Treasury Notes and Strips	114,243	11.37	45,601	7.43
Total	$ 2,040,941		$ 1,852,799	
Portfolio Weighted Average Maturity		2.14		1.45

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold $44.8 million par in U.S. Treasury Strips ranging in maturity from June 15, 2016 to May 15, 2039. The accounts also hold $58.0 million par in government agency zero coupon securities in the two portfolios ranging in maturity from June 1, 2017 to April 15, 2030. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these portfolios. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2043. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

Foreign Currency Risk - Risk exists when there is a possibility that changes in exchange rates could adversely affect investment or deposit fair market value.	The Authority is not authorized to invest in foreign currency and therefore has no exposure.

NOTE 5 – LONG -TERM DEBT

The Authority's long-term debt at December 31, 2015 and 2014 consisted of the following:

	2015	2014	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Revenue Obligations: (mature through 2055)				
2004 Taxable Series B	$ 0	$ 3,250	N/A	N/A
2004 Series M (4)	18,382	30,380	4.375-5.00	100/Accreted Value
2005 Refunding Series A	17,705	105,265	5.50	100
2005 Refunding Series B	0	217,065	N/A	N/A
2005 Refunding Series C	0	78,150	N/A	N/A
2005 Series M (4)	12,901	12,836	4.00-4.35	100/Accreted Value
2006 Tax-exempt Series A	0	13,370	N/A	N/A
2006 Taxable Series B	0	31,250	N/A	N/A
2006 Series M (4)	7,983	7,881	4.00-4.20	100/Accreted Value
2006 Refunding Series C	72,235	91,820	4.50-5.00	100
2007 Series A	75,885	114,400	5.00	100
2007 Refunding Series B	50,600	62,760	5.00	Non-callable
2008 Tax-exempt Series A	278,950	376,985	5.375-5.75	100
2008 Taxable Series B	25,000	25,000	8.368	P&I Plus Make-Whole Premium
2008 Series M (4)	21,233	21,049	3.80-4.80	100/Accreted Value
2009 Tax-exempt Refunding Series A	82,435	83,535	3.00-5.00	100
2009 Tax-exempt Series B	112,210	144,875	5.00-5.25	100
2009 Taxable Series C	84,695	86,895	4.82-6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Series E	100,000	100,000	4.75-5.00	100
2009 Taxable Series F	100,000	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series M1 (4)	26,278	27,991	3.50-4.30	100/Accreted Value
2010 Refunding Series B	161,460	190,905	3.00-5.00	100
2010 Series M2 (4)	15,523	17,402	2.875-3.875	100/Accreted Value
2010 Series C (Build America Bonds) (3)	360,000	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 (4)	26,801	26,781	2.00-4.80	100/Accreted Value
2011 Refunding Series B	267,615	279,600	4.00-5.00	Non-callable
2011 Refunding Series C	135,855	135,855	4.375-5.00	100
2011 Series M2 (4)	22,023	21,922	1.40-4.20	100/Accreted Value
2012 Refunding Series A	86,500	92,985	3.00-5.00	100
2012 Refunding Series B	21,200	23,200	5.00	Non-callable
2012 Refunding Series C	70,500	80,120	5.00	Non-callable
2012 Tax-exempt Series D	298,785	298,785	3.50-5.00	100
2012 Taxable Series E	262,830	262,830	3.572-4.551	P&I Plus Make-Whole Premium
2012 Series M1 (4)	20,855	21,055	1.40-4.00	100/Accreted Value
2012 Series M2 (4)	18,120	18,149	1.10-3.70	100/Accreted Value
2013 Series M1 (4)	23,276	23,327	1.30-3.90	100/Accreted Value
2013 Tax-exempt Series A	252,655	252,655	5.00-5.75	100
2013 Tax-exempt Refunding Series B	388,730	388,730	5.00-5.125	100
2013 Taxable Series C	250,000	250,000	5.784	P&I Plus Make-Whole Premium
2013 Taxable Series D (LIBOR Index Bonds)	0	100,000	N/A	N/A
2013 Tax-exempt Series E	506,765	506,765	5.00-5.50	100

	2015	2014	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
2014 Series M1 (4)	39,701	39,764	1.75-4.30	100/Accreted Value
2014 Tax-exempt Series A	600,000	600,000	2.50-6.45	100
2014 Tax-exempt Refunding Series B	42,275	42,275	5.00	100
2014 Tax-exempt Refunding Series C	704,525	704,525	3.00-5.50	100
2014 Taxable Refunding Series D	31,795	31,795	2.906-3.606	P&I Plus Make-Whole Premium
2015 Tax-exempt Refunding Series A	598,960	0	3.00-5.00	100
2015 Tax-exempt Refunding Series B	64,870	0	5.00	Non-callable
2015 Series M1 (4)	36,294	0	1.75-3.85	100/Accreted Value
2015 Tax-exempt Refunding Series C	270,170	0	5.00	Non-callable
2015 Taxable Series D	169,657	0	4.77	P&I Plus Make-Whole Premium
2015 Tax-exempt Series E	300,000	0	5.25	100
Total Revenue Obligations	7,134,232	6,504,182		
Other Long-Term Obligations: (mature through 2016)	0	44,956		
Less: Current Portion - Long-term Debt	172,896	149,689		
Total Long-term Debt - (Net of current portion)	$ 6,961,336	$ 6,399,449		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2015.

(2) Call Price may only apply to certain maturities outstanding at December 31, 2015.

(3) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount up to 35% of interest payable on the bonds.

(4) Includes Current Interest Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Long-term debt (LTD) activity for the years ended December 31, 2015 and 2014 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Total LTD (Net of Current Portion)	Unamortized Debt Discounts and Premiums	LTD-Net Ending Balances
			YEAR 2015 (Thousands)					
Other Long-Term Obligations	$ 44,956	$ 0	$ (44,956)	$ 0	$ 0	$ 0	$ 0	$ 0
Revenue Obligations	6,504,182	1,442,855	(812,805)	7,134,232	172,896	6,961,336	345,133	7,306,469
Totals	$ 6,549,138	$ 1,442,855	$ (857,761)	$ 7,134,232	$ 172,896	$ 6,961,336	$ 345,133	$ 7,306,469
			YEAR 2014 (Thousands)					
Capitalized Lease Obligations	$ 244	$ 0	$ (244)	$ 0	$ 0	$ 0	$ 0	$ 0
Other Long-Term Obligations	44,956	0	0	44,956	0	44,956	(467)	44,489
Revenue Obligations	6,402,292	1,420,895	(1,319,005)	6,504,182	149,689	6,354,493	240,180	6,594,673
Totals	$ 6,447,492	$ 1,420,895	$ (1,319,249)	$ 6,549,138	$ 149,689	$ 6,399,449	$ 239,713	$ 6,639,162

Maturities and projected interest payments of long-term debt are as follows:

Year Ending December 31,	PRINCIPAL (1)	INTEREST (1)	TOTAL (1)
		(Thousands)	
2016	$ 158,347	$ 354,198	$ 512,545
2017	116,707	348,640	465,347
2018	158,943	342,833	501,776
2019	212,131	335,115	547,246
2020	192,136	327,029	519,165
2021-2025	782,245	1,519,224	2,301,469
2026-2030	711,129	1,364,824	2,075,953
2031-2035	788,547	1,188,648	1,977,195
2036-2040	888,335	960,887	1,849,222
2041-2045	1,045,307	730,756	1,776,063
2046-2050	1,241,345	416,409	1,657,754
2051-2055	839,060	120,623	959,683
Total	$ 7,134,232	$ 8,009,186	$ 15,143,418

(1) Includes Revenue Obligations only - no other applicable debt.
Does not reflect impact of subsidy interest payments on 2010 Taxable C (Build America Bonds).

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Refunded and defeased debt, original loss on refunding and the unamortized loss at December 31, 2015 are as follows:

Refunding Description	Refunded Debt (Thousands)		Outstanding	Original Loss (Thousands)	Unamortized Loss
Cash Defeasance	$ 20,000	1982 Series A	$ 0	$ 2,763	$ 479
Commercial Paper	$ 76,050	1973 Series			
	105,605	1977 Series			
	81,420	1978 Series	0	2,099	6
2006 Refunding Series C	$ 105,005	1999 Series A			
	10,000	2002 Series B	0	7,054	518
2007 Refunding Series B	$ 105,370	1997 Refunding Series A	0	8,832	1,047
2009 Refunding Series A	$ 99,515	1997 Refunding Series A			
	20,125	1998 Refunding Series B	0	8,707	5,265
2010 Refunding Series B	$ 30,430	2001 Series A			
	118,600	2002 Series B			
	84,780	2002 Refunding Series D	0	22,954	8,779
2011 Refunding Series B	$ 8,990	2002 Refunding Series D			
	291,825	2004 Series A	0	23,287	10,111
2011 Refunding Series C	$ 134,715	2002 Series B			
	5,160	2007 Series A	0	4,362	3,586
2012 Refunding Series A	$ 73,535	2003 Refunding Series A			
	34,160	2004 Series A	0	12,206	7,394
Feb 2012 Defeasance	$ 5,615	2003 Refunding Series A	0	749	601
2013 Refunding Series B	$ 209,426	2003 Refunding Series A			
	7,070	2004 Series A			
	5,000	2006 Series A			
	6,565	2007 Series A			
	82,605	2008 Series B			
	1,125	2009 Series B			
	30,158	2011 Series A (LIBOR Index)			
	2,040	2012 Series D	0	14,446	13,184
2013 Refunding Series C	$ 35,584	2003 Refunding Series A			
	97,695	2008 Series B	0	4,601	4,095

Refunding Description		Refunded Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
2014 Refunding Series C &	$	10,870	2003 Refunding Series A			
Taxable Refunding Series D		11,395	2005 Refunding Series A			
		419,105	2006 Series A			
		10,385	2006 Refunding Series C			
		175,775	2007 Series A			
		4,230	2007 Refunding Series B			
		15,000	2008 Series A			
		15,200	2009 Series B			
		12,920	2010 Refunding Series B			
		3,100	2011 Refunding Series B			
		5,625	2012 Refunding Series A			
		2,000	2012 Refunding Series B			
		15,185	2012 Refunding Series C			
		11,335	2012 Series D			
		18,185	2013 Taxable Series D (LIBOR Index)			
		44,075	Expansion Bond Refunding CP	641,580	32,936	31,123
Nov 2014 Defeasance	$	331,815	2013 Taxable Series D (LIBOR Index)	0	1,097	344
2015 Refunding Series A	$	13,370	2006 Series A			
		32,750	2007 Series A			
		93,035	2008 Series A			
		30,765	2009 Series B	169,920	21,487	19,616
2015 Refunding Series B	$	78,150	2005 Refunding Series C	0	4,987	4,567
2015 Refunding Series C	$	87,560	2005 Refunding Series A			
		217,065	2005 Refunding Series B	304,625	24,366	23,128
2015 Series E	$	100,000	Barclays Revolving Credit Agreement	0	89	89
Total				$ 1,116,125	$ 197,022	$ 133,932

As a part of its long-term capital structure plan, the Authority will be involved in a multi-year refinancing plan. As a result, each year certain maturities classified as current portion of long-term debt may be refinanced in the subsequent year prior to the maturity date. Below is an analysis of the 2014 current portion of long-term debt showing the amounts paid as debt service in 2015 and the amount refinanced. The remaining amount represents five percent of the original principal for all outstanding minibond issues.

Analysis of December 31, 2014 Current Portion of Long-term Debt:	(Thousands)
Principal debt service paid from 2015 Revenues	$ 136,058
Refinanced and other:	
2015 maturities refinanced	0
5% current portion requirement for original minibond issue amount (1)	13,631
Total	$ 149,689

(1) Represents five percent annual cap on the requirement related to put features on all outstanding minibond issues. This is an accounting entry only and does not impact debt service.

An analysis of the $133,671 current portion of long-term debt at December 31, 2013 showed that $94,004 was debt service paid from 2014 revenues and $28,015 of maturities were refinanced. The remaining $11,652 represented five percent of the original principal for outstanding minibond issues.

Years Ended December 31,	2015	2014
	(Thousands)	
Reconciliation of interest cost to interest expense:		
Total interest cost	$ 344,584	$ 317,159
Capitalized interest	(43,481)	(31,385)
Deferred interest expense	(18,539)	(14,652)
Interest charged to fuel expense	0	(2,133)
Total interest expense on long-term debt	$ 282,564	$ 268,989
Reconciliation of interest cost to interest payments:		
Total interest cost	$ 344,584	$ 317,159
Accrued interest-current year	(67,378)	(79,061)
Accrued interest-prior year	79,061	100,159
Interest released by refundings	(6,802)	(12,819)
Accretion on capital appreciation minibonds	(3,062)	(2,881)
Adjustment for prior year interest expense	0	(93)
Total interest payments on long-term debt	$ 346,403	$ 322,464

Years Ended December 31,	2015	2014
	(Thousands)	
Operating revenues	$ 1,879,553	$ 1,997,347
Interest and investment revenue	9,207	29,023
Total revenues and income	1,888,760	2,026,370
Operating expenses	(1,502,488)	(1,619,224)
Depreciation	176,039	173,743
Total expenses	(1,326,449)	(1,445,481)
Funds available for debt service prior to distribution to the State	562,311	580,889
Distribution to the State	(20,116)	(20,659)
Funds available for debt service after distribution to the State	$ 542,195	$ 560,230
Debt Service on Accrual Basis:		
Principal on long-term debt	$ 104,555	$ 108,851
Interest on long-term debt	282,564	268,989
Long-term debt service paid from Revenues	387,119	377,840
Commercial paper and other principal and interest	16,146	7,453
Total debt service paid from Revenues	$ 403,265	$ 385,293
Debt Service Coverage Ratio:		
Excluding commercial paper and other:		
Prior to distribution to the State	1.45	1.53
After distribution to the State	1.40	1.48
Including commercial paper and other:		
Prior to distribution to the State	1.39	1.50
After distribution to the State	1.34	1.45

Note: Year 2014 was recalculated using the 2015 approved methodology.

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was $8.5 billion and $7.7 billion at December 31, 2015 and 2014, respectively.

2015

Bond market transactions for the year ended December 31, 2015 were as follows:

Revenue Obligations, 2015 Series M1	**Par Amount:**	**$36,136,600**	**Date Authorized:**	**May 1, 2015**
Summary:	- Issued Current Interest Bearing Bonds in $500 denominations and Capital Appreciation Bonds in $200 denominations - Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State and electric customers of the Bamberg Board of Public Works and the City of Georgetown - Interest rates range from 1.75 percent in 2020 and 3.85 percent in 2035			
Revenue Obligations, 2015 Tax-exempt Refunding and Improvement Series A, Refunding Series B, Refunding Series C and Taxable Series D	**Par Amount:**	**$1,103,657,000**	**Date Authorized:**	**February 13, 2015**
Summary:	- Series A and D were issued on February 26, 2015, Series B was issued on April 7, 2015 and Series C was issued on October 6, 2015 at an aggregate all-in true interest cost of 4.10 percent - Maturities between December 1, 2016 and December 1, 2055			
Revenue Obligations, 2015 Tax-exempt Series E	**Par Amount:**	**$300,000,000**	**Date Authorized:**	**December 7, 2015**
Summary:	- Issued December 22, 2015 at an aggregate all-in true interest cost of 4.74 percent - Bond matures on December 1, 2055			

As of December 31, 2015 and 2014, the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

(1) the Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's Electric and Water Systems and all necessary repairs, replacements and renewals thereof; and
(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

All Authority debt (Electric and Water Systems) issued pursuant to the Revenue Obligation Resolution is payable solely from and secured by a lien upon and pledge of the applicable Electric and Water Revenues of the Authority. Revenue Obligations are senior to:

(1) payment of expenses for operating and maintaining the Systems;
(2) payments for debt service on capitalized leases;
(3) payments for debt service on commercial paper; and
(4) payments made into the Capital Improvement Fund.

As of December 31,	2015	2014
Outstanding Revenue Obligations	**$7.1 Billion**	$6.5 Billion
Estimated remaining interest payments	**$8.0 Billion**	$6.8 Billion
Issuance years (inclusive)	**2005 through 2015**	2004 through 2014
Maturity years (inclusive)	**2016 through 2055**	2015 through 2054

NOTE 6 – VARIABLE RATE DEBT

The Board has authorized the issuance of variable rate debt not to exceed 20 percent of the aggregate Authority debt outstanding (including commercial paper) as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. At December 31, 2015, eight percent of the Authority's aggregate debt outstanding was variable rate. The lien and pledge of Revenues securing variable rate debt issued as Revenue Obligations is senior to that securing commercial paper.

Commercial paper is issued for valid corporate purposes with a term not to exceed 270 days. The information related to commercial paper was as follows:

Years Ended December 31,	2015	2014
Commercial paper outstanding (000's)	$ 597,520	$ 410,139
Effective interest rate (at December 31)	0.25%	0.15%
Average annual amount outstanding (000's)	$ 474,479	$ 341,974
Average maturity	37 Days	51 Days
Average annual effective interest rate	0.18%	0.13%

As of December 31, 2015 the Authority had Revolving Credit Agreements with Bank of America, N.A., J.P. Morgan Chase Bank, N.A., TD Bank, N.A., U.S. Bank, N.A., and Wells Fargo Bank, N.A. totaling $750.0 million. As of December 31, 2014 the Authority had Revolving Credit Agreements with Barclays Bank PLC, J.P. Morgan Chase Bank, N.A., TD Bank, N.A., U.S. Bank, N.A., and Wells Fargo Bank, N.A. totaling $800.0 million. These agreements are used to support the Authority's issuance of commercial paper. There were no borrowings under the agreements during 2015 or 2014.

As of December 31, 2015 the Authority had a Revolving Credit Agreement (Direct Purchase Revolving Credit Agreement) with Barclays Bank PLC for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on September 22, 2015 and expires November 27, 2019. On November 12, 2015, the Authority secured a $100.0 million loan under the Direct Purchase Revolving Credit Agreement and used these proceeds to pay off the $100.0 million 2013 Taxable Series D (LIBOR Index Bonds). The Authority fully paid off this Direct Purchase Revolving Credit loan with proceeds raised through the issuance of the 2015 Tax-Exempt Series E Bonds which were issued on December 22, 2015.

NOTE 7 – SUMMER NUCLEAR STATION

Nuclear Unit 1 The Authority and SCE&G are parties to a joint ownership agreement providing that the Authority and SCE&G shall own Unit 1 at the Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. In 2004, the NRC granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042.

Authority's Share of Summer Nuclear - Unit 1

Years Ended December 31,	2015	2014
	(Millions)	
Plant balances before depreciation	$ 540.3	$ 521.3
Accumulated depreciation	334.8	332.9
Operation & maintenance expense	85.5	83.9

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. Through April 2014, costs included a component for disposal of spent nuclear fuel; however, in May 2015, the Department of Energy (DOE) suspended the collection of spent fuel disposal fees. Fuel amortization and disposal fees are included in fuel expense and recovered through the Authority's rates.

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load through 2017. SCE&G has signed contracts with HOLTEC International, The Shaw Group, Inc. and Westinghouse Electric Company, Inc. (Westinghouse) to build a licensed Independent Spent Fuel Storage Installation (ISFSI) to commence receiving fuel in 2016. Because of DOE's failure to meet its obligation to dispose of spent fuel, SCE&G and the Authority are being reimbursed by DOE for ISFSI project costs. The Authority expects this reimbursement will equal approximately 75 percent of total project cost. Through December 31, 2015, reimbursements received equal 61 percent of total project expenditures.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2012 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $315.1 million in 2012 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates.

Based on current decommissioning cost estimates, these funds, which totaled approximately $210.5 million (adjusted to market) at December 31, 2015, along with future deposits into the external decommissioning trust and internal fund, investment earnings and projected DOE reimbursement of spent fuel storage costs, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning cost.

The Authority and SCE&G are constructing and planning to operate two additional nuclear generating units at Summer Nuclear Station (Units 2 and 3) and submitted an application to the NRC in March 2008 for a combined Construction and Operating License (COL) for each of the two new units. On May 22, 2008, the Authority's Board authorized the Authority to execute a Limited Agency Agreement appointing SCE&G to act as the Authority's agent in connection with the performance of an Engineering, Procurement and Construction (EPC) Agreement. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority, entered into an EPC Agreement with Westinghouse and Stone & Webster, Inc., (a subsidiary of The Shaw Group, Inc.), for the engineering, procurement and construction of two 1,117 MW nuclear generating units. Chicago Bridge & Iron Company acquired The Shaw Group, Inc. in February 2013.

On October 20, 2011, the Authority and SCE&G entered into a Design and Construction Agreement. Among other things, the Design and Construction Agreement allows either or both parties to withdraw from the project under certain circumstances. Also on October 20, 2011, the Authority and SCE&G entered into an Operating and Decommissioning Agreement with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement define the conditions under which the Authority or SCE&G may convey an undivided ownership interest in the new units to a third party. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provide for a 45 percent ownership interest by the Authority in each of the two new units and replace the Amended and Restated Bridge Agreement which had governed the relationship between the Authority and SCE&G.

The Authority received the COLs on March 30, 2012. On April 5, 2012, the Authority's Board authorized the Authority to expend up to $4.9 billion to fund the Authority's share of the EPC Agreement and associated Owner's Costs to complete the project. On October 23, 2015, the Authority's Board authorized the President and CEO of the Authority to execute a Limited Agency Agreement that appointed SCE&G to act as the Authority's agent in connection with an October 2015 Amendment to the EPC Agreement.

On October 27, 2015, the EPC Agreement was amended ("October 2015 Amendment"). The October 2015 Amendment became effective on December 31, 2015 upon the consummation of the acquisition by Westinghouse of the stock of Stone & Webster from CB&I. Stone & Webster will continue to be a member of the Consortium as a subsidiary of Westinghouse instead of CB&I. Westinghouse has engaged Fluor Corporation as a subcontracted construction manager. Among other things, the October 2015 Amendment (i) revises the guaranteed substantial completion dates of Units 2 and 3 to August 31, 2019 and 2020, respectively, and (ii) provides the Authority and SCE&G an irrevocable option, until November 1, 2016 and subject to regulatory approvals, to further amend the EPC Agreement to fix the total amount to be paid to the Consortium for its entire scope of work on the project (excluding a limited amount of work within the time and materials component of the contract price) after June 30, 2015 at $6.082 billion (Authority's 45 percent portion being approximately $2.737 billion).

As part of its capital improvement program, the Authority has evaluated its level of participation in the new units. Due to developments since initiation of the project, the Authority has taken actions necessary to reduce its 45 percent ownership interest. In January 2014, the Authority entered into an agreement whereby SCE&G will purchase from the Authority an additional five percent interest in the project. Under the terms of the agreement, SCE&G will own 60 percent of the new nuclear units and the Authority, 40 percent. The five percent ownership interest will be acquired in three stages, with one percent to be acquired at the commercial operation date of the first new nuclear unit, an additional two percent to be acquired no later than the first anniversary of such commercial operation date, and the final two percent to be acquired no later than the second anniversary of such commercial operation date. The purchase price will be equal to the Authority's actual cost, including financing costs, of the percentage conveyed as of the date of the conveyance. The agreement will not impact the payment obligation for the full 45 percent ownership during construction. In December 2015, the Authority and SCE&G executed the Purchase and Sale Agreement for SCE&G's purchase from the Authority of an additional five percent interest in the project as described above. Beginning 2011, the Authority deferred a portion of interest expense representing the amount related to the assumed ownership reduction. In 2013, the Authority continued deferring and began capitalizing portions of related interest expense based on revised ownership assumptions.

NOTE 8 – LEASES

The Authority made the final payment related to the capital lease contracts with Central on November 26, 2014. There are currently no capital leases.

Information related to property under operating lease payments follows:

Years Ended December 31,	2015	2014
	(Millions)	
Operating lease payments (1)	$ 2.8	$ 2.1

(1) Includes periodic leased coal car expenses which are initially reflected in fuel inventory and subsequently reported in fuel expense based on tons burned.

Expiration term of current coal car leases: (2)	December 2015 and March 2016

(2) The maximum amount due for coal car leases for 2015 is $1,038,000.

Hydroelectric generating facility lease:

- Automatically extended for five-year periods
- May be terminated by either party by giving a two-year notice
- Obligation is $600,000 per year plus operating expenses

NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the Coordination Agreement). Under this agreement, the Authority is the predominant supplier of energy needs for Central, excluding amounts supplied by others to five of its member cooperatives located in the upper part of the State which is further described below, energy Central receives from the Southeastern Power Administration (SEPA), minimal amounts provided by Broad River Electric Cooperative's ownership interest in a small run of the river hydroelectric plant and negligible amounts purchased from others.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them through the Coordination Agreement. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Position. Such adjustments in 2015 and 2014 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives located in the upper part of the State that were formerly members of Saluda: Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc. (the Upstate Load) from a supplier other than the Authority.

The Upstate Load began transitioning to the new supplier in 2013. The transition will continue through 2019 and will amount to approximately 900 MW.

In 2013, the Central and Authority Boards, respectively, approved an Amendment to the Central Agreement (Agreement). As part of this Central agreed to extend their rights to terminate the agreement until December 31, 2058. The Agreement includes a 10-year rolling notice provision. For a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. The Agreement provides for closer cooperation on planning of future resources, gives Central the ability to "opt-out" of future generation resources, and provides for cost recovery of all resources completed or under construction as of the amendment effective date, including Summer Nuclear Units 2 and 3.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Authority's 2016 three-year capital budget is as follows:

Years Ending December 31,	2016	2017	2018
		(Millions)	
Summer Nuclear Units 2 and 3 (1)	597.0	601.5	494.8
General improvements	246.2	221.6	230.9
Environmental compliance (2)	$ 68.2	$ 114.4	$ 136.4
Total capital budget (3)	$ 911.4	$ 937.5	$ 862.1

Budget Assumptions:

(1) Construction cash flows for 2015 and the 2016-2018 budgets reflect 45 percent ownership. Subsequent cash flows will be reduced in accordance with the projected ownership sale date. Total estimated project cost including transmission is $4,565 million.

(2) Includes ash pond closure and remediation.

(3) Will be financed by internally generated funds, taxable and tax-exempt debt.

The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2015. The disclosure of minimum obligations (including market re-opener contracts) shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Years Ending December 31,	With Re-openers (All Tons) (1)	Without Re-openers (Fixed Tons) (2)
	(Thousands)	
2016	$ 219,924	$ 219,924
2017	130,750	103,250
2018	122,250	122,250
2019	59,250	59,250
2020	0	0
Total	$ 532,174	$ 504,674

(1) Includes tons which the Authority can elect not to receive.

(2) Includes tons which the Authority must receive.

The Authority has the following outstanding obligations under existing long-term capacity and purchased power contracts as of December 31, 2015:

Contracts with Minimum Fixed Payment Obligations

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	20 Years	$ 52.0
1	2016	1 Year	26.7
1	2016	1 Year	12.8
1	2016	1 Year	19.6

Contracts with Power Receipt and Payment Obligations (1)

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	10 Years	$ 194.6
2	2013	28 Years	631.8
1	2013	18 Years	7.8
1	2016	25 Years	437.1

(1) Payment required upon receipt of power. Assumes no change in indices or escalation.

The Authority purchases network integration transmission service through transmission agreements with Duke Energy Corporation and SCE&G. This network transmission service is used to serve the Upstate Load and other wholesale customers who are not in the Authority's direct-served territory; the Authority is obligated for costs associated with these transmission agreements. The table below shows the transmission obligations in 2016 and the total transmission obligations for 2017-2027. Note that the transmission obligations associated with the Upstate Load will end in 2019 (concurrent with the end of the transition period), at which time the Authority will no longer be responsible for purchasing transmission service for the Upstate Load served by the new supplier. The remaining wholesale customer obligations below represent projected transmission amounts through the term of the current contracts.

Transmission Obligations

	2016	2017-2027
	(Thousands)	
Upstate Load(1)	$ 4,656	$ 4,154
Other Customers	2,929	15,068
Total	$ 7,585	$ 19,222

(1) Obligation ends in 2019

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's Cross and Winyah coal-fired generating stations. The Authority also interchanges with some short line railroads via CSX for the movement of coal as well. The CSX contract, effective January 1, 2011, and extended per amendment effective January 1, 2016, continues to apply a price per ton of coal moved, along with a mileage based fuel surcharge and minimum tonnage obligation.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for Summer Nuclear Units 1, 2 and 3. As of December 31, 2015, these contracts total approximately $508.5 million over the next 22 years.

In 2010, the Authority amended the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. (GEII). In lieu of exercising its option to terminate the Contract for convenience and to pursue non original equipment manufactured parts and services, the Authority negotiated an amendment with reduced pricing for maintenance and fixed escalation. The contract provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines.

The amended contract value is approximately $97.2 million, excluding escalation and adjustments for liquidated damages and bonuses. The contract term extends through the second major inspection for Rainey 1 (expected to be completed in 2018). Rainey 2A and 2B have reached the contract "performance end date." The Authority's estimated remaining commitment on the contract is $25.6 million, including escalation, and the Authority is currently exploring options for these units, including a potential extension of the GEII contract. The Authority's Board has approved recovery of contract expenditures on a straight-line basis over the term of the contract.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation (TRANSCO) to supply gas transportation needs for its Rainey Generating Station. This is a firm service agreement for the transportation of 80,000 decatherms per day.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2015. Policies are subject to deductibles ranging from $500 to $2.0 million, with the exception of named storm losses which carry deductibles from $2.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2015, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, dental, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2015. In addition, there have been no third-party claims regarding environmental damages for 2015 or 2014.

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The amount of the self-insurance liabilities for auto, dental, worker's compensation and environmental remediation is based on the best estimate available. Changes in the reported liability were as follows:

Years Ended December 31,	2015	2014
	(Thousands)	
Unpaid claims and claim expense at beginning of year	$ 1,321	$ 2,538
Incurred claims and claim adjustment expenses:		
Add: Provision for current year events	2,377	2,043
Less: Payments for current and prior years	2,219	3,260
Total unpaid claims and claim expenses at end of year	$ 1,479	$ 1,321

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. The State assumes all risks for the following:

(1) claims of covered employees for health benefits covered through South Carolina Public Employee Benefit Authority (PEBA) Insurance Benefits; not applicable for worker's compensation injuries; and
(2) claims of covered employees for basic long-term disability and group life insurance benefits (PEBA Insurance Benefits and PEBA Retirement Benefits).

Employees elect health coverage through the State's self-insured plans. However, additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

The maximum liability for public claims arising from any nuclear incident has been established at $13.5 billion by the Price-Anderson Indemnification Act. This $13.5 billion would be covered by nuclear liability insurance of $375.0 million per reactor unit, with potential retrospective assessments of up to $127.3 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $18.9 million per incident, per year). Based on its one-third interest in Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $42.4 million, not to exceed approximately $6.3 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC. Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $1.5 billion primary and $1.25 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $7.3 million for the primary policy, $2.3 million for the excess policies and $1.8 million for the accidental outage policy.

SCE&G and the Authority maintain builder's risk insurance and marine cargo insurance for the Summer Nuclear Units 2 and 3 construction. The builder's risk policy provides coverage of $2.75 billion accidental nuclear property damage with a sub-limit of $500.0 million for accidental property damage that is caused by or results from any covered peril other than radioactive contamination resulting from nuclear reaction, nuclear radiation or the release of radioactive materials, with deductibles ranging from $250,000 to $5.0 million. This policy also carries a potential retrospective premium of approximately $42.0 million. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy provides coverage of $300.0 million, with deductibles ranging from $25,000 to $75,000.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2015.

The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

In addition to the existing Clean Air Act (CAA) Federal Acid Rain Program, the Environmental Protection Agency (EPA) has promulgated and is implementing the Cross State Air Pollution Rule (CSAPR) for SO2 and NOx emissions, effective January 1, 2015.

CSAPR was EPA's replacement for the Clean Air Interstate Rule (CAIR). After going through the U.S. Court of Appeals process for the D.C. Circuit over the last several years, CSAPR is now in effect due to several court decisions in 2014. Emission budgets were applied beginning January 1, 2015 for the annual programs, and also started on May 1, 2015 for the ozone-season NOx program. This rule is not expected to negatively impact Santee Cooper.

Currently, there are both legislative and regulatory efforts to reduce greenhouse gas emissions. The Authority continues to review proposed greenhouse gas regulations to assess potential impacts to its operations. In 2010, EPA finalized the Prevention of Significant Deterioration (PSD) Tailoring Rule for regulating greenhouse gases through the PSD permitting process under the existing CAA. EPA issued Best Available Control Technology (BACT) Guidance in 2010 for use under the rule effective July 1, 2011. In 2014, EPA proposed three separate rules for (1) new, (2) existing, and (3) modified and reconstructed Electric Generating Units (EGU). On August 3, 2015, EPA proposed a final rule to regulate carbon dioxide emissions from power plants. The final rule was published in the Federal Register on October 23rd and has major revisions that benefit South Carolina by allowing the use of new nuclear unit at Summer Nuclear for compliance for existing generation units. For new, modified, or existing units, the final rule appears to offer attainable limits for modified and reconstructed coal steam units as well as combined cycle gas generation. The rule requires partial carbon capture and storage for new coal-fired units. Santee Cooper is working to model how the final rule will impact Santee Cooper based on the current generation forecast. On February 9, 2016, the Supreme Court in a 5-4 vote granted an emergency stay of the EPA's rule for existing units. The stay will remain in effect through the review of the rule by the Court of Appeals for the District of Columbia Circuit and until the Supreme Court decides the matter, in the event that the losing side decides to appeal to the Supreme Court. This legal process could run into the middle of 2018.

In place of the vacated federal Clean Air Mercury Rule (CAMR), South Carolina utilities and DHEC finalized a Memorandum of Agreement (MOA) in which the Authority committed to install and certify mercury Continuous Emissions Monitoring Systems (CEMS) at a set of agreed-upon coal-fired units and collaborate with the South Carolina utilities and DHEC to provide support for a state-wide assessment evaluating the mercury deposition resulting from coal-fired power plants in South Carolina. In 2009, the mercury CEMS were installed at the specified Authority units and utilities began initial reporting. There are no cap and trade or emissions limitations requirements per the MOA.

Through the maximum achievable control technology (MACT) regulatory process, the EPA has proposed the Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants (HAPs) from coal and oil-fired electric utility steam boilers. As a part of EPA rule development, the Authority participated in the EPA's mandatory Information Collection Request (ICR) for mercury and other HAPs for its coal-fired and oil-fired units. The ICR required facility and fuel information as well as stack testing at Cross, Winyah and Jefferies generating stations.

The proposed MACT rule was released in March 2011 with a public notice comment period. The Authority submitted comments to the proposed rule. The final MACT rule, renamed the Mercury and Air Toxics Standard (MATS) became effective April 16, 2012, with a compliance deadline for existing units of April 16, 2015. Santee Cooper applied for and received a compliance extension for its Cross and Winyah coal-fired EGUs for April 16, 2016 granted by DHEC and in accordance with the regulation. On June 29, 2015, the U.S. Supreme Court remanded MATS back to a lower court for EPA to consider costs for developing the emissions limits in MATS (EPA did not consider costs in determining the original limits in MATS). The lower court remanded the rule back to EPA for consideration of costs in December 2015. In November 2015, EPA proposed a supplemental finding that includes a consideration of costs would not alter EPA's previous determination that it is appropriate to regulate air toxins.

The MATS rule includes emissions limitations for mercury, acid gases and other HAPs from existing and new coal-fired and oil-fired electric utility steam units. This is EPA's first national standard to reduce mercury and other air toxics from coal-fired and oil-fired power plants.

On November 26, 2014, the U.S. EPA completed the federally mandated 5-year review of the national ambient air quality standards (NAAQS) and proposed a revised (more stringent) ground-level ozone standard range. This applies to both the primary (public health) and secondary (public welfare) standards. The 90-day public comment period began December 17, 2014. On October 1, 2015, EPA announced that the new NAAQS for ozone will be set at 70 parts per billion. This will apply to both the primary and secondary ozone standards. EPA projections, based on current monitoring networks, are that all counties in South Carolina will meet the revised standard by 2025 without taking additional action to reduce emissions.

The Authority continues to monitor regulatory issues impacting drinking water systems at the Authority's regional water systems, generating stations, substations and other auxiliary facilities. DHEC has regulatory authority of potable water systems in South Carolina under The State Primary Drinking Water Regulation, R.61-58; the Authority endeavors to manage its potable water systems in compliance with R.61-58.

The Clean Water Act (CWA) prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System (NPDES) permit program. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State.

Wastewater discharges from the generating stations and the regional water plants are governed by NPDES permits issued by DHEC. Further, the storm water from the generating stations must be managed in accordance with the State's NPDES Industrial General Permit for storm water discharges. Storm water from construction activities must also be managed under the State's NPDES General Permit for storm water discharges from construction activity. The Authority constantly strives to operate in compliance with these permits.

The CWA, under Section 316(b), requires that cooling water intake structures (CWIS) reflect the best technology available for minimizing adverse environmental impacts, such as the impingement of fish and shellfish on the intake structures and the entrainment of eggs and larvae through cooling water systems. The EPA published the final rule under the CWA Section 316(b) on August 15, 2014, and the rule became effective October 15, 2014. The final rule contains some significant deviations from the proposed rule, such as an outline of seven compliance options and an extended reporting deadline. The Authority will continue to work with the regulatory agencies on implementation.

The EPA has regulations under the CWA relating to Spill Prevention Control and Counter-measures (SPCC). These regulations require that applicable facilities, which include generating stations, substations and auxiliary facilities, maintain SPCC plans to meet certain standards. The Authority continually works to be in compliance with these regulations.

The NPDES Steam Electric Effluent Limitation Guidelines (ELGs) rule became effective on January 4, 2016. It applies to all existing steam electric units greater than 50 MWs (other than oil-fired) and is to be phased in as soon as possible beginning November 1, 2018, but no later than December 31, 2023, via the reissuance of generating station NPDES Permits. New standards for new sources are also included. Since EPA promulgated best management practices (BMPs) to inspect active and inactive surface impoundments in the Coal Combustion Residuals rule, similar BMPs were not established in the ELGs, avoiding unnecessary duplication.

On June 29, 2015, EPA and the Corps of Engineers published the final rule that redefined "Waters of the U.S." (WOTUS). The rule became effective on August 28, 2015. On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit issued an order staying the WOTUS rule nationwide pending completion of the Court's review of the rule. The published final rule attempts to clarify which streams, wetlands, and other water bodies are subject to permitting and compliance requirements under the Clean Water Act. The final rule expands the federal jurisdiction under the Clean Water Act. For new construction or expansion projects there will be more water features regulated as Waters of the U.S. This will require additional permitting and mitigation enforcement.

Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) provides for the reporting requirements to cover the release of hazardous substances into the environment. Additionally, the EPA regulations under the Toxic Substances Control Act (TSCA) impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCBs) and associated equipment.

Under the CERCLA and Superfund Amendments and Reauthorization Act (SARA), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. The Authority endeavors to comply with the applicable provisions of TSCA, CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements. The Authority strives to comply with all aspects of Resource Conservation and Recovery Act (RCRA) regarding appropriate disposal of chemical wastes.

The Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, scrubber sludge and gypsum. These wastes, known as Coal Combustion Residuals (CCRs), are exempt from hazardous waste regulation under the RCRA. On April 17, 2015, the EPA published the rule to regulate CCRs as a RCRA Subtitle D, nonhazardous waste with an effective date of October 19, 2015. The rule establishes the following national minimum criteria for existing and new CCR landfills and surface impoundments:

- Location restrictions;
- Design and construction requirements;
- Operating criteria such as inspections, structural integrity evaluations and fugitive dust controls;
- Groundwater monitoring and corrective action;
- Closure requirements and post-closure care;
- Record keeping, notifications and Internet posting requirements.

No firm estimates relative to the cost of implementing this regulation have been made at this time since the rule is still under review. However, the Authority has budgeted $325.0 million through 2019 for compliance purposes.

The Solid Waste Disposal Act and Energy Policy Act give EPA authority to regulate Underground Storage Tanks (USTs). EPA regulations concerning USTs are contained in 40 CFR Parts 280-282. DHEC has granted state program approval in 2002 and regulates USTs under R. 61-92, Part 280 dated 2008. This regulation provides requirements for the design, installation, operation, closure, release detection, reporting and corrective action and financial responsibility. The Authority's corporate policy number 2-11-02 provides guidance for the proper management and monitoring of USTs for environmental and regulatory compliance.

At Cross Generating Station, construction of the Class 3 landfill was completed and certified to receive CCR waste on December 8, 2015. The Class 2 landfill received waste until December 31, 2015 and closure is scheduled for completion by June 30, 2016.

The Authority is in the process of retiring units and ancillary facilities at Grainger and Jefferies generating stations. The Authority plans to properly close ash ponds at these facilities by excavation and beneficial use. A closure plan for the Grainger Generating Station ash ponds has been approved by DHEC and closure through beneficial use is in progress. Development of a similar closure plan for Jefferies ash ponds is in progress. In addition, the Authority is planning to close the Grainger cooling pond in accordance with DHEC requirements.

The Authority received DHEC approval for plans to close the West Ash Pond and the Unit 2 slurry pond at Winyah Generating Station. Closure is in progress for both ponds.

The Authority follows GASB 49 which addresses standards for pollution (including contamination) remediation obligations for activities such as site assessments and cleanups. GASB 49 does not include standards for pollution remediation obligations that are addressed elsewhere. Examples of obligations addressed in other standards include pollution prevention and control obligations for remediation activities required upon the retirement of an asset, such as ash pond closure and post-closure care and nuclear power plant decommissioning.

The Authority recorded $40,000 for pollution remediation liabilities for each of the years ended December 31, 2015 and 2014. The method used to estimate the liabilities consists of weighting a range of possible estimated job cost amounts and calculating a weighted average cost. The weights and estimated costs are developed using professional engineering judgment acquired through years of estimating and completing many pollution remediation projects.

The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Authority has been proactive in striving to comply with these evolving regulations by conducting valid threat and risk assessments to the facilities regulated by the Chemical Facility Anti-Terrorism Standards (CFATS) program, also referred to as 6 CFR, Part 27. Once completed, the assessments (performed and coordinated by the Law Enforcement Division) become sensitive, federally controlled documents and are stored in accordance with all federal and state guidelines attendant to critical infrastructure information protection.

The Authority has been scheduled for review of its statutory compliance and strategic direction by a Joint Senate and House Oversight Committee pursuant to the South Carolina Restructuring Act of 2014, which requires the conduct of oversight studies of all state agencies at least every seven years. The Joint Oversight Committee held its initial meeting on January 5, 2016. The Authority's President and CEO Lonnie Carter gave an operational overview and responded to questions from committee members. The Authority will continue to assist the committee throughout the oversight process.

On December 10, 2015 there was prefiled in the South Carolina House of Representatives, by title only, a joint resolution (H 4541) dealing with a process for selling all or some noncontrolling percentage ownership interest in the Authority. Similar bills have been filed in the past, and the Authority will closely monitor this proposed legislation as the text of statutory language and other details become available.

Except as noted below, there are no actions, suits, or governmental proceedings pending or, to the knowledge of the Authority, threatened before any court, administrative agency, arbitrator or governmental body which would, if determined adversely to the Authority, have a material adverse effect on its financial condition. However, even if determined adversely to the Authority, no such actions, suits, or governmental proceedings would have a material adverse effect on the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution.

Horry Electric Cooperative, Inc. (Horry Co-op) Suit. In May 2013, Horry Co-op, a member of Central, sued the Authority seeking indemnification for claims in a class action lawsuit brought against Horry Co-op by certain Horry customers. The customers allege mold damage to their homes was caused by vapor barriers installed in accordance with the Authority's energy efficiency recommendations. Horry Co-op's complaint alleges the Authority knew the vapor barrier could cause moisture problems but failed to disclose the information to Horry Co-op and failed to advise Horry Co-op that the vapor barrier should be a recommendation rather than a requirement. A settlement has been reached in the underlying class action lawsuit against Horry Co-op. The settlement provides for the establishment of two funds, totaling $6.0 million dollars, to pay the claims of the class members. The Authority has been informed that as of the deadline for filing claims approximately $1.4 million dollars in claims and attorney fees have been paid. The Authority filed a motion to dismiss the claims brought against it by Horry Co-op. On June 11, 2014, the Court dismissed the suit, ruling that the majority of the claims were dismissed with prejudice and that the claim for equitable indemnification was dismissed without prejudice. Horry Co-op has appealed the dismissal of the suit. The Authority cannot predict the outcome of the appeal. On October 20, 2014 the Authority was served with an additional complaint filed by Horry Co-op in Horry County. The complaint alleges a single cause of action for indemnity arising out of the same underlying factual allegations as the original complaint filed in May of 2013. The Authority has filed a motion to dismiss the complaint. The Authority cannot predict the outcome of this lawsuit.

Purported Class Action. The Authority has received an unfiled complaint which asserts a purported class action on behalf of the Authority's retail customers. The complaint contains a number of causes of action and allegations related to the Authority's decisions to construct and then to cancel construction of a coal-fired generation project in Florence County, SC. The Authority is evaluating the claim.

NOTE 11 – RETIREMENT PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (SCRS) and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Substantially all Authority regular employees must participate in one of the components of the SCRS, a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws.

Vested employees (Class Two Members) who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. Vested employees (Class Three Members) who retire at age 65 or meet the "rule of 90 requirements" (i.e., the total of the member's age and the member's creditable service equals at least 90 years), are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service for Class Two Members and eight years for Class Three Members. Reduced retirement benefits are payable as early as age 60 with vested service or 55 with 25 years of service for Class Two Members. The SCRS also provides death and disability benefits. Benefits are established by State statute.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed SCRS employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit or disability retirement benefits. Effective July 1, 2005, TERI employees began "re-contributing" to the SCRS at the prevailing rate. However, no service credit is earned under the new regulations. The group life insurance of one times annual salary was re-established for TERI participants.

Effective July 1, 2012, the TERI program will close for Class Two members (members with effective date prior to July 1, 2012) on June 30, 2018, and it is not available to Class Three members (members with effective date on or after July 1, 2012). TERI will be phased out in a 5-4-3-2-1 format. Members who enter the TERI program after July 1, 2013, will not be eligible to participate for the full five years. TERI participation will end on June 30, 2018, regardless of when a member enters the program.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits and employee/employer contributions.

Effective July 1, 2002, new employees have a choice of the type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (8.16 percent employee cost and 10.91 percent employer cost); however, 5.00 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 5.91 percent is contributed to the Retirement System. As of December 31, 2015, the Authority had 45 employees participating in the State ORP and consequently the related payments are not material.

All employees are required by State statute to contribute to the SCRS at the prevailing rate, currently 8.16 percent. The Authority contributed 10.91 percent of the total payroll for SCRS retirement. For 2015, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior three years were as follows:

Years Ended December 31,	2015	2014	2013
		(Millions)	
From the Authority	$ 14.8	$ 13.9	$ 13.3
From Employees	11.0	10.2	9.2

The Authority made 100 percent of the required contributions for each of the three years.

At December 31, 2015, the Authority reported a liability of $286.3 million. This includes its share of the net pension liability from SCRS as well as pension liabilities associated with the supplemental executive retirement plans (SERP) noted under post-employment benefits, which were immaterial. The SCRS net pension liability was measured as of June 30, 2015 and determined by an actuarial valuation as of June 30, 2014. The Authority's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $14.8 million paid to SCRS for the year ended June 30, 2015 relative to the actual contributions of $1,188.1 million from all participating employers. At June 30, 2015, the Authority's proportionate share was 1.44 percent.

For the year ended December 31, 2015, the Authority recognized a pension expense of $19.5 million, our proportionate share of the total pension expense. At December 31, 2015, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 4,863	$ 487
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	17,562	15,726
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	22	1,202
Authority's contributions subsequent to the measurement date	7,537	0
Total	$ 29,984	$ 17,415

The Authority reported $7.5 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2015. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2014, measurement date was 4.164 years for SCRS.

Year Ending December 31:	(Thousands)
2016	$ 796
2017	796
2018	(867)
2019	4,307
2020	0
Total	$ 5,032

Actuarial valuations of the Authority involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2015
- Valuation Date	June 30, 2014
- Expected Return on Investments	7.50%
- Inflation	2.75%
- Future Salary Increases	3.50%
- Mortality Assumption	RP 2000 Mortality Table set back projected at SCALE AA from year 2000. RP-2000 Males multiplied by 100%. RP-2000 Females multiplied by 90%.

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term			
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income			
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income			
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives			
Hedge Funds (Low Beta)	8.0%	4.0	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	100.0%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

The following table presents the Authority's collective net pension liability calculated using the discount rate of 7.50%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
		(Thousands)	
Authority's proportionate share of the net pension liability	$ 359,237	$ 286,300	$ 225,128

Other Retirement Benefits The Authority also provides retirement benefits to certain employees designated by management and the Board under SERP. Benefits are established and may be amended by management and the Authority's Board and include retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, these plans were segregated into internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2006 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. At December 31, 2015, the Authority reported a liability associated with the three plans of $12.7 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 621	$ 9
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	729	0
Authority's contributions subsequent to the measurement date	96	0
Total	$ 1,446	$ 9

The Authority reported $96,000 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2015.

Year Ending June 30:	
	(Thousands)
2016	$ 323
2017	323
2018	323
2019	323
2020	49
Total	$ 1,341

Summer Nuclear Pension Plan The Authority and SCE&G are parties to a joint ownership agreement at the Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel. Any earnings generated from the established pension plan are shared proportionately and used to reduce the allocated funding.

As of December 31, 2015, the Authority had a noncurrent pension liability balance of $769,000. At December 31, 2014, the Authority had over-funded it share of requirements by $766,000, which was applied to 2015.

In accordance with FASB ASC 715, the Authority has a regulatory liability balance of approximately $19.6 million and $18.6 million for the unfunded portion of pension benefits at December 31, 2015 and 2014, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2015.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Vacation and Sick Leave Full-time employees earn 10 days of vacation leave for service under five years and 15 days of vacation leave for service under 11 years. Employees earn an additional day of vacation leave for each year of service over 10 until they reach the maximum of 25 days per year. Employees earn two hours per pay period, plus 20 additional hours at year-end for sick leave.

Employees may accumulate up to 45 days of vacation leave and 180 days of sick leave. Upon termination, the Authority pays employees for unused vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their sick leave at the pay rate then in effect.

The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA Insurance Benefits provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement insurance benefits available are defined by PEBA Insurance Benefits and substantially all of the Authority's employees may become eligible for these benefits if they meet retirement eligibility with a minimum of 10 years of earned service or upon reaching age 60 after leaving employment with at least 20 years of service. Currently, approximately 821 retirees meet these requirements.

For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. PEBA Insurance Benefits may be contacted at: PO Box 11661, Columbia, S.C. 29211-1661 and PEBA Retirement Benefits may be contacted at PO Box 11660, Columbia, S.C. 29211-1960.

Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority elected to adopt an advanced or pre-funding policy and established an irrevocable trust with Synovus Trust Company. This method of funding will eventually result in lower contributions over time compared to the prior pay-as-you-go funding policy.

The Authority's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that is projected (if paid on an on-going basis) to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Authority's contribution towards ARC is equal to the actual disbursements during the year for health care benefits for retired employees plus annual funding amounts for the trust. The Authority's annual OPEB cost (expense) was as follows:

Year Ended December 31,	2015	2014
	(Thousands)	
Annual required contribution	$ 11,561	$ 12,038
Interest on OPEB obligation	485	538
Adjustment to ARC	(440)	(464)
Annual OPEB cost	11,606	12,112
Net estimated employer contributions	(10,639)	(11,691)
Increase in net OPEB obligation	$ 967	$ 421
Net OPEB obligation-beginning of year	$ 10,202	$ 9,781
Net OPEB obligation-end of year	$ 11,169	$ 10,202

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2015 and the preceding two years were as follows:

Years Ended December 31,	Annual OPEB Cost	Employer Amount Contributed	Net OPEB Obligation	Percentage Contributed
		(Thousands)		(%)
2013	$ 11,758	$ 11,302	$ 9,781	96.1
2014	12,112	11,691	10,202	96.5
2015	11,606	10,639	11,169	91.7

The funded status of the Authority's retiree health care plan under GASB 45 as of December 31, 2014, the latest actuarial study date, is as follows:

Required Supplementary Information - Schedule of Funding Progress

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Annual Covered Payroll (c)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a / b)	Ratios of UAAL to Annual Covered Payroll (b-a)/(c)
	(Thousands)				(%)
$ 39,364	$ 184,355	$ 120,204	$ 144,991	21.4	120.6

Note: As of December 31, 2015, the OPEB trust had assets of $44.8 million.

The required schedule of funding progress presented as required supplementary information provided multi-year trend information that shows whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liability for benefits.

The Projected Unit Credit actuarial cost method is used to calculate the ARC for the Authority's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members, as well as to amortize a portion of the unfunded accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Authority's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of health benefits are based on the plan as understood by the Authority and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	4.75% net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30 year, open amortization
Payroll growth	3.00% per annum
Medical trend:	
Initial	6.00%
Ultimate	4.50% after 9 years
Drug trend:	
Initial	6.00%
Ultimate	4.50% after 9 years

The Authority is responsible for funding its share of OPEB costs for nuclear station employees. The Authority's liability balances as of December 31, 2015 and 2014 were approximately $11.1 million and $10.5 million, respectively.

In accordance with FASB ASC 715, the Authority recorded a regulatory liability of approximately $3.2 million and $4.6 million for the unfunded portion of OPEB costs at December 31, 2015 and 2014, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2015.

NOTE 13 – CREDIT RISK AND MAJOR CUSTOMERS

In 2015, the Authority had one customer that accounted for more than 10 percent of the Authority's sales:

Customer:	2015	2014
	(Millions)	
Central	$ 1,070	$ 1,118

The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance at each year ended December 31, 2015 and 2014 was $1.7 million and $1.6 million, respectively.

NOTE 14 – STORM DAMAGE

2015

In October 2015, the Authority's system sustained damages from flooding associated with an unusual rainfall event in South Carolina. As a result, several counties in South Carolina were designated as federal disaster areas. The damage sustained by the Authority in these counties had impacts on the Authority's generation, transmission and distribution systems. At December 31, 2015, the Authority recorded a receivable of $3.6 million for federal reimbursement of associated damages. Additional costs will be incurred in 2016 that may also qualify for federal reimbursement.

2014

In February 2014, the Authority's system sustained damages from Winter Storm Pax (Pax). As a result, several counties in South Carolina were designated as a federal disaster area. The damage sustained by the Authority in these counties was mainly to the Authority's transmission and distribution systems.

As of December 31, 2014, all the restoration and repair work had been completed and/or accrued to capital cost or maintenance expense. The Authority received disaster relief assistance from federal sources on all eligible costs from the storm as of the close of 2014. The damages to the distribution system resulted in capital restoration costs of $1.9 million and federal reimbursement of $1.3 million. Damages to the transmission system resulted in maintenance expense and capital costs of approximately $761,000 and $632,000, respectively. The Authority received federal reimbursement of approximately $832,000.

The Authority does not expect to increase rates due to the impact of Pax and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT

The Authority implemented GASB statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) as amended by statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, in the year ended December 31, 2015. The implementation of the statement required the Authority to record a beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (year ended December 31, 2014). As a result, net position as of January 1, 2015 decreased by $261.1 million.

NOTE 16 – SUBSEQUENT EVENTS

On February 10, 2016, the Authority issued $543.7 million of Revenue Obligations, 2016 Tax-exempt Refunding Series A Bonds. The bond proceeds were used to refund a portion of the following Revenue Obligations: 2007 Tax-exempt Series A, 2008 Tax-exempt Series A, 2009 Tax-exempt Refunding Series A, 2009 Tax-exempt Series B and 2014 Tax-exempt Series A. This issue resulted in a gross savings of $122.4 million over the life of the bonds.

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SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION

The following statements are summaries of certain provisions of the Revenue Obligation Resolution. Except as otherwise provided in this Official Statement, terms used under this caption which are defined in the Revenue Obligation Resolution, including, but not limited to those defined hereinafter, are used herein as so defined. Certain other provisions of the Revenue Obligation Resolution are summarized under the caption "SECURITY FOR THE 2016C BONDS."

Definitions of Certain Terms Used in Revenue Obligation Resolution

The following words and phrases are defined in the Revenue Obligation Resolution as hereinafter set forth.

"Capital Costs" shall mean the Authority's costs of (i) physical construction of or acquisition of real or personal property or interests therein for any project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Authority (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any project; (iii) the acquisition of any other property (tangible or intangible), capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Authority may be issued under the Enabling Act or under other applicable State statutory provisions (whether or not also classifiable as an operating expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of (a) any Obligations, Commercial Paper or other indebtedness issued by the Authority for the payment of any of the costs specified above, including capitalized interest on such indebtedness, or (b) any indebtedness issued by the Authority to refund any indebtedness described in the preceding clause (a).

"Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Investment Securities" shall mean any of the following which at the time are legal investments under the laws of the State of South Carolina for the moneys held hereunder then proposed to be invested therein: (1) Government Obligations; (2) certificates which evidence ownership of the rights to payment of the principal of or interest on Government Obligations; (3) bonds, debentures, notes or participation certificates issued by the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, Federal Land Bank, the Federal National Mortgage Association, the Tennessee Valley Authority, or any other agency or corporation which is or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof; (4) obligations of state and local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of non-callable obligations described in (1), (2), or (3) of this subparagraph, the maturing principal of and interest on which when due and payable, shall provide sufficient funds to pay the principal of and interest on such obligations of state and local government municipal bond issuers (5) Public Housing Bonds, or Project Notes, fully secured by contracts with the United States; (6) repurchase agreements with banks that are members of the federal reserve system or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York that are secured by securities described in (1) and (3) above having a current market value at least equal to one hundred two per cent (102%) of the amount of the repurchase agreement; (7) obligations of the State of South Carolina, (8) obligations of other states and investment contracts which obligations or investment contracts are rated at the time of purchase by each rating agency then maintaining a rating on the Obligations at the request of the Authority (each, a "Rating Agency") in one of the three highest rating categories (as determined without regard to any refinement or graduation of such rating by a numerical modifier or otherwise, a "Rating Category") of such Rating Agency; (9) deposits in interest bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association (including the Trustee), which deposits, to the extent not insured by the Federal

Deposit Insurance Corporation, shall be secured by Government Obligations or obligations described in clauses (2), (3), (4) or (7) of this paragraph, having a current market value (exclusive of accrued interest) at least equal to one hundred five percent (105%) of the amount of such deposits, which Government Obligations or obligations described in clauses (2), (3), (4) or (7) of this paragraph shall have been deposited in trust by such bank or national association with the trust department of the Trustee or with a federal reserve bank or branch or, with the written approval of the Authority and the Trustee, with another bank, trust company or national banking association for the benefit of the Authority and the appropriate fund or account as collateral security for such deposits; (10) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by a Rating Agency in one of its three highest Rating Categories for comparable types of obligations; and (11) such other investments from time to time allowed under applicable law.

"Obligations" shall mean any obligations, issued in any form of debt, authorized by a supplemental resolution, including but not limited to bonds, notes, bond anticipation notes, and Qualified Swaps, which are delivered under the Revenue Obligation Resolution.

"Operation and Maintenance Expenses" shall mean the Authority's expenses of operating the System, including, but not limited to, all costs of purchased power, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administration and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes and any other expenses actually paid or accrued, of the Authority applicable to the System, as recorded on its books pursuant to generally accepted accounting principles, subject to the limitations with respect to take or pay contracts as set forth under "Take or Pay Contracts." Operation and Maintenance Expenses shall not include (1) any costs or expenses for new construction, (2) charges for depreciation, (3) voluntary payments in lieu of taxes or (4) any taxes or tax payments now or hereafter required to be made to the State or any political subdivisions only out of surplus revenues, for example, payments required by Code Sections 58-31-90, 58-31-100 (2) and (3), and 58-31-110, Code of Laws of South Carolina 1976.

"Permitted Investments" shall mean the obligations referred to in (1), (2), (3) and (4) of the definition of the term "Investment Securities".

"Qualified Swap" shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Authority for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Obligations.

"Qualified Swap Provider" shall mean an entity whose senior long term obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated either (i) at least as high as the third highest Rating Category of each Rating Agency, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower rating categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

"Revenues" shall mean all the revenues, income, profits, tolls, rents, charges and returns of the Authority derived from its ownership or operation of the System, including the proceeds of any insurance covering business interruption loss relating to the System, but excluding other insurance proceeds and customer deposits.

System

The Authority's System, as defined in the Revenue Obligation Resolution, consists generally of (a) facilities for the purpose of acquiring, controlling, storing, preserving, treating, distributing and selling water for (i) navigation, power, irrigation, reclamation, or sale to residential, commercial, agricultural or industrial customers or other governmental entities; and (b) plants, works, structures, facilities and equipment for the generation, manufacture, transmission or distribution of water power and electric power and energy, and of any other forms of power and energy when authorized by the Enabling Act. The System shall not include separate projects established by the Authority for any corporate purpose of the Authority other than those projects and purposes described hereinabove, nor separate systems described under "Separate Systems."

Revenue Fund

The Revenue Obligation Resolution continues, for so long as any of the Revenue Obligations are Outstanding, the Revenue Fund. The Revenue Fund shall be held in trust and administered by the Authority. The Authority covenants and agrees in the Revenue Obligation Resolution to pay into the Revenue Fund, as promptly as practical after the receipt thereof, all Revenues.

Funds and Accounts

For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Revenue Obligations, the Revenue Obligation Resolution creates a Revenue Obligation Fund. Payments into the Revenue Obligation Fund shall be made prior to the payments required to be made from, or retained in, the Revenue Fund to cover the cost of operation and maintenance of the System and the payments required to be made into the Capital Improvement Fund.

Order of Payments From Revenue Fund

Under the Revenue Obligation Resolution, moneys shall be disbursed by the Authority from the Revenue Fund in the following order:

1. *Revenue Obligation Fund*: To pay when due to the Trustee the Revenue Obligation Fund Payments.

2. *Operating and Maintenance*: To pay expense of operation and maintenance.

3. *Capital Improvement Fund*: To pay during each Fiscal Year into the Capital Improvement Fund amounts at least equal to the Minimum Capital Improvement Requirement.

Any moneys remaining in the Revenue Fund each month after making the payments referenced above may be used by the Authority for any corporate purpose of the Authority.

Certain Moneys Not Required to be Deposited in Revenue Fund

The Revenue Obligation Resolution does not require the deposit into the Revenue Fund of any of the revenues, income, receipts, profits or other moneys of the Authority derived by the Authority through the ownership or operation of any separate system described under the section "Separate System" or through the ownership or operation of any separate project referred to under the section "System".

Authorization of Revenue Obligations

At any time one or more series of Revenue Obligations may be issued pursuant to the Revenue Obligation Resolution, upon the terms set forth in a Series Resolution, for any corporate purpose of the Authority, including the refunding or purchase of Revenue Obligations, provided there is no default under the Revenue Obligation Resolution.

Separate Systems

The System shall not include (i) any facilities for the purpose of providing water for sale to residential, commercial, agricultural or industrial customers or other governmental entities, or (ii) any facilities for the generation of any form of power and energy, or for the transmission and distribution of any form of power and energy, and any incidental properties constructed, acquired or leased in connection therewith, constructed or acquired by the Authority as a separate system, and if constructed or acquired with the proceeds of sale of bonds or other evidences of indebtedness, which bonds or other evidences of indebtedness are payable solely from the revenues or other income derived from the ownership or operation of such separate utility system, and may be further secured by a pledge of Revenues junior and subordinate to the pledge securing the Revenue Obligations and payable therefrom, but only after the revenues and other income derived from the ownership or operation of such separate utility system and pledged to the payment of such bonds or other indebtedness are so applied in accordance with the proceedings providing for the issuance of such bonds or other indebtedness.

Junior Lien Obligations

Nothing in the Revenue Obligation Resolution shall prevent the Authority from issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness the payment of which shall be made from the proceeds of Revenue Obligations or other indebtedness of the Authority or from Revenues, and if payable from Revenues shall be made junior and subordinate to the payment of the Revenue Obligations. The Authority may create special funds to provide for the payment of such obligations, payments to which shall be made after payments to the Revenue Obligation Fund.

Insurance

The Revenue Obligation Resolution requires the Authority to insure such of its various properties as are usually insured by utilities owning like properties in similar amounts and coverages, with insurance companies, and to carry liability insurance in reasonable amounts.

Sale, Lease or Other Disposition of Properties

Subject to the next sentence, the Authority may sell, lease, or otherwise dispose of any part of its properties on such terms and conditions as may be prescribed by its Board of Directors. The Authority shall not take any action described in the preceding sentence unless, in the judgment of the Authority's Board of Directors, such action is desirable in the conduct of the Authority's business and does not materially impair the Authority's ability to comply with the rate covenant provisions of the Revenue Obligation Resolution.

Take or Pay Contracts

The Revenue Obligation Resolution does not prohibit the Authority from entering into take or pay contracts, including take or pay contracts with a separate system described under section "Separate Systems," to purchase power under conditions whereby payments the Authority is required to make may be calculated, in whole or in part, on the basis of power which the Authority does not purchase, require or obtain for whatever reasons. However, payments made by the Authority under such a take or pay contract for power not available for any reason other than an emergency or forced outage lasting not more than one year or normal and regularly scheduled maintenance outage may not be treated as Operation and Maintenance Expenses.

Capital Improvement Fund

The Revenue Obligation Resolution requires the deposit annually into the Capital Improvement Fund of an amount at least equal to the Minimum Capital Improvement Requirement defined as follows: an amount, which, together with the amounts deposited in the Capital Improvement Fund in the two immediately preceding Fiscal Years, will be at least equal to 8% of the revenues required by the Revenue Obligation Resolution to be paid into the Revenue Fund in the three immediately preceding Fiscal Years. Certain payments not made into the Capital Improvement Fund may be considered as a payment towards fulfillment of the Minimum Capital Improvement Requirement.

The moneys on deposit in the Capital Improvement Fund shall be used solely to pay Capital Costs.

Events of Default and Remedies Under the Revenue Obligation Resolution

A happening of one or more of the following constitutes an Event of Default under the Revenue Obligation Resolution:

(a) default in the due and punctual payment of any interest on any Revenue Obligation which shall continue for a period of 30 days; or

(b) default in the due and punctual payment of the principal of any Revenue Obligation, whether at the stated maturity thereof, at the mandatory redemption date, at the redemption date or upon declaration; or

(c) the Authority shall violate or fail to perform any of its covenants or agreements contained in the Revenue Obligation Resolution for 90 days after written notice of default is given to it by the Bond Fund Trustee or by the holder of any Revenue Obligation; or

(d) a default shall have occurred in respect of any bond, debenture, note or other evidence of indebtedness of the Authority, or in respect of any obligations of the Authority under any financing lease, whether now outstanding or existing or issued or otherwise undertaken hereafter, or under any indenture, resolution, lease or other agreement or instrument under which any such bond, debenture, note or other evidence of indebtedness or any such lease obligation has been or may be issued or by which any of the foregoing is or may be governed or evidenced, which default shall have resulted in the principal amount of such bond, debenture, note or other evidence of indebtedness or lease obligation becoming due and payable prior to its stated maturity or which default shall have been a default in the payment of principal when due and payable; or

(e) a decree or order by a court having jurisdiction in the premises shall have been entered judging the Authority as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Authority under the Federal bankruptcy laws or any similar applicable Federal or South Carolina law, and such decree or order shall have continued undischarged or unstayed for a period of forty (40) days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Authority or any of its property, or for the winding-up or liquidation of the Authority or any of its property, shall have been undischarged and unstayed for a period of sixty (60) days; or

(f) the Authority shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the Federal bankruptcy laws or any similar applicable Federal or South Carolina law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Authority or of any of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its insolvency or inability to pay its debts generally as they become due, or any action shall be taken by the Authority in furtherance of any of the foregoing aforesaid purposes.

If an Event of Default has occurred, and shall not have been remedied, the Trustee or the holders of not less than 25% in principal amount of the Revenue Obligations then outstanding may declare the principal of all Revenue Obligations and the interest accrued thereon to be immediately due and payable, but such declaration may be rescinded under certain circumstances.

After the occurrence of an Event of Default and prior to the curing of such Event of Default, the Trustee may, to the extent permitted by law, take possession and control of the System and operate and maintain the same,

prescribe rates for capacity or power sold or supplied through the facilities of the System, collect the gross revenues resulting from such operation and perform all of the agreements and covenants contained in any contract which the Authority is then obligated to perform. In such event, such gross revenues shall be applied, first to the payment of the reasonable expenses and liabilities of the Trustee and thereafter to the payment of operating expenses and principal of and interest on the Revenue Obligations. After all sums then due in respect of the Revenue Obligations have been paid, and after all Events of Default have been cured or secured, to the satisfaction of the Trustee, the Trustee is required to relinquish possession and control of the System to the Authority. At any such time the Trustee shall be entitled to the appointment of a receiver of the business and property of the System, of the moneys, securities and funds of the Authority pledged under the Revenue Obligation Resolution, and of the Revenues, and of the income therefrom, with all such powers as the court or courts making such appointment shall confer.

The Revenue Obligation Resolution empowers the Trustee to file proofs of claims for the benefit of the holders of the Revenue Obligations in bankruptcy, insolvency, or reorganization proceedings and to institute suit for the collection of sums due and unpaid in connection with the Revenue Obligations, to enforce specific performance of covenants contained in the Revenue Obligation Resolution or to obtain injunctive or other appropriate relief for the protection of the holders of the Revenue Obligations.

No holder of Revenue Obligations has any right to institute suit to enforce any provision of the Revenue Obligation Resolution or the execution of any trust thereunder (except to enforce the payment of principal or interest installments as they mature), unless the Trustee has been requested by the holders of not less than 25% in principal amount of the Revenue Obligations then outstanding to exercise the powers granted it by the Revenue Obligation Resolution or to institute such suit and unless the Trustee has refused or failed, within 60 days after the receipt of such request and after having been offered adequate security and indemnity, to comply with such request. In the event the Trustee has failed or refused to comply with the aforesaid request, the Revenue Obligation Resolution provides for the creation of an "Owners Committee."

Modifications of the Revenue Obligation Resolution

Modifications of the Revenue Obligation Resolution and of the rights and duties of the Authority and the holders of Revenue Obligations may be made with the consent of the Authority and written consent of the holders of not less than a majority of the Revenue Obligations at the time outstanding; provided that no modification shall be made which will (i) extend the fixed maturity date for the payment of any Revenue Obligation, or reduce the principal amount of or interest rate on any such Revenue Obligation or extend the time of payment of interest thereon or reduce any premium payable upon the prepayment or redemption thereof, or advance the date upon which any Revenue Obligation may first be called for redemption; or (ii) reduce the percentage of Revenue Obligations the holders of which are required to consent to any amendment to the Revenue Obligation Resolution; or (iii) give any Revenue Obligation or Revenue Obligations any preference over any other Revenue Obligation or Revenue Obligations or reduce the payments required to be made to the Revenue Obligation Fund, without the consent of the holders of all the Revenue Obligations affected thereby.

Defeasance

The obligations of the Authority under the Revenue Obligation Resolution shall be fully discharged and satisfied as to any Revenue Obligation and such Revenue Obligation shall no longer be deemed to be outstanding thereunder when payment of the principal of and the applicable redemption premium, if any, on such Revenue Obligation plus interest to the due date thereof (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee therefor in trust irrevocably appropriated and set aside exclusively for such payment (i) moneys sufficient to make such payments or (ii) Permitted Investments, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and, except for the purposes of such payment, such Revenue Obligation shall no longer be secured by or entitled to the benefits of the Revenue Obligation Resolution; provided that, with respect to Revenue Obligations to be redeemed or otherwise prepaid prior to the stated maturities thereof, notice of such redemption or prepayment shall have been given or irrevocable provision shall have been made for the giving of such notice.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered as of the 3rd day of August, 2016, by and between SOUTH CAROLINA PUBLIC SERVICE AUTHORITY (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Obligation Fund Trustee"), in connection with the issuance by the Authority of its $52,400,000 Revenue Obligations Tax-Exempt Refunding Series C (the "2016C Bonds"), pursuant to a resolution adopted by the Board of Directors of the Authority on April 26, 1999 (as supplemented and amended from time to time, the "Revenue Obligation Resolution"). The Authority and the Obligation Fund Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Obligation Fund Trustee for the benefit of the Holders and Beneficial Owners of the 2016C Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Revenue Obligation Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2016C Bonds (including persons holding 2016C Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2016C Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Treasurer of the Authority or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Obligation Fund Trustee from time to time.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the Authority and which has filed with the Obligation Fund Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org, or any successor National Repository as determined by the Securities and Exchange Commission.

"Participating Underwriter" shall mean Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., Morgan Stanley & Co. LLC, J. P. Morgan

Securities LLC, US Bancorp and Wells Fargo Bank, National Association which are the original underwriters of the 2016C Bonds required to comply with the Rule in connection with offering of the 2016C Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as in effect as of the date hereof.

"State" shall mean the State of South Carolina.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of execution of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, not later than six months after the end of the Authority's fiscal year (presently December 31), commencing with the fiscal year ending December 31, 2016, to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement.

(b) Not later than fifteen Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Authority shall provide the Annual Report to any Dissemination Agent and the Obligation Fund Trustee (if the Obligation Fund Trustee is not the Dissemination Agent). If by such date, the Obligation Fund Trustee has not received a copy of the Annual Report, the Obligation Fund Trustee shall contact the Authority and any Dissemination Agent to determine if the Authority is in compliance with the provisions of subsection (a) above.

(c) If the Obligation Fund Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Obligation Fund Trustee shall send a notice to the National Repository and to the State Repository, if any, in substantially the form attached as Exhibit A.

(d) Any Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the National Repository and the State Repository, if any; and

(ii) file a report with the Authority and (if the Dissemination Agent is not the Obligation Fund Trustee) the Obligation Fund Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for the prior fiscal year, prepared substantially in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report within fifteen days after they become available.

(b) To the extent such items are not included in the audited financial statements referred to in subsection (a) above, the financial and statistical data of the Authority as of a date not earlier than the end of the preceding fiscal year for the type of information included in the tables entitled "DEBT SERVICE SCHEDULE," "HISTORICAL SALES - Historical Demand, Sales and Revenues," and "FINANCIAL INFORMATION - Historical Operating Results" contained in the Official Statement of the Authority dated July 22, 2016, prepared in connection with the issuance of the 2016C Bonds (the "Official Statement"), as well as information of the type contained in the Official Statement concerning: (A) the percentage of revenues from sales to (i) Central Electric Power Cooperative Inc., (ii) Alumax of South Carolina, Inc. (iii) Nucor Corporation, (iv) the remaining eight largest industrial customers of the Authority, and (v) the remaining wholesale customers of the Authority; (B) the data set forth in the Official Statement in the third paragraph under the caption "POWER SUPPLY AND POWER MARKETING – Existing Power Resources", (C) the data set forth in the Official Statement under the caption "POWER SUPPLY AND POWER MARKETING – Existing Power Resources – *Summer Nuclear Unit 1*" and (D) the data set forth in the Official Statement in the first paragraph under the caption "POWER SUPPLY AND POWER MARKETING – Fuel Supply." Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the National Repository. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, in a timely manner, to the National Repository and to the State Repository, if any, notice of the occurrence of any of the following events with respect to the 2016C Bonds, within 10 business days of the occurrence thereof:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, IRS notices or events affecting the tax status of the 2016C Bonds;

7. modifications to the rights of Bondholders, if material;

8. call of any of the 2016C Bonds for redemption, if material;

9. defeasance of any of the 2016C Bonds;

10. release, substitution or sale of property securing repayment of the 2016C Bonds, if material;

11. rating changes;

12. tender offers;

13. bankruptcy, insolvency, receivership or similar event of the Authority;

14. merger, consolidation or acquisition of the Authority, if material;

15. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) The Obligation Fund Trustee shall, within three Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Obligation Fund Trustee in writing to report the event.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Obligation Fund Trustee pursuant to subsection (b) or

otherwise, the Authority shall promptly notify the Obligation Fund Trustee in writing. Such notice shall (i) instruct the Obligation Fund Trustee to report the occurrence, or (ii) inform the Obligation Fund Trustee that the Authority shall report such occurrence.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2016C Bonds. If such termination occurs prior to the final maturity of the 2016C Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement.

SECTION 7. Notice of Failure to Provide Information. The Authority shall give, or cause to be given, in a timely manner, to the National Repository and to the State Repository, if any, notice of the failure to provide the Annual Report in the manner set forth in Sections 3 and 4 of this Disclosure Agreement.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Neither the Dissemination Agent nor the Obligation Fund Trustee shall be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement (and the Obligation Fund Trustee shall agree to any evidence of such amendment requested by the Authority), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) of this Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person (as such term is defined in the Rule) with respect to the 2016C Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2016C Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the 2016C Bonds in the same manner as provided in the Revenue Obligation Resolution for amendments to the Revenue Obligation Resolution with the consent of such Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the Beneficial Owners of the 2016C Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Authority or the Obligation Fund Trustee to comply with any provision of this Disclosure Agreement, the Obligation Fund Trustee may (and, at the written request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2016C Bonds, and receiving indemnification satisfactory to the Trustee, shall at the expense of the Authority), or any holder or Beneficial Owner of the 2016C Bonds may take such action and upon receiving indemnification satisfactory to the Obligation Fund Trustee as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority or Obligation Fund Trustee, as the case may be, to comply with its obligation under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Revenue Obligation Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Obligation Fund Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

IN WITNESS WHEREOF, the Authority and the Obligation Fund Trustee have caused this Disclosure Agreement to be executed and attested by their authorized officers or officials, as of the day and year first above written.

SOUTH CAROLINA PUBLIC
SERVICE AUTHORITY

By: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: _____

IN WITNESS WHEREOF, the Authority and the Obligation Fund Trustee have caused this Disclosure Agreement to be executed and attested by their authorized officers or officials, as of the day and year first above written.

SOUTH CAROLINA PUBLIC
SERVICE AUTHORITY

By: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: Cynthia M Moore

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	South Carolina Public Service Authority
Name of Bond Issue:	$52,400,000 Revenue Obligations Tax-Exempt Refunding Series C (the "2016C Bonds")
Date of Issuance:	October 13, 2016

NOTICE IS HEREBY GIVEN that South Carolina Public Service Authority has not provided an Annual Report with respect to the above-named 2016C Bonds as required by Section 4.07 of the Forty-Fifth Series and Supplemental Resolution adopted by the Authority on July 22, 2016. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated:

_____
Trustee on behalf of Authority

cc: The Authority

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Haynsworth
Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

Appendix IV

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[Date of Delivery]

Board of Directors
South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, South Carolina 29461

$52,400,000 South Carolina Public Service Authority Revenue Obligations,
2016 Tax-Exempt Refunding Series C

We have acted as bond counsel and have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by South Carolina Public Service Authority (the "Authority") of the Authority's $52,400,000 Revenue Obligations, 2016 Tax-Exempt Refunding Series C (the "2016 C Bonds").

The 2016 C Bonds recite that they are issued for valid corporate purposes of the Authority under the authority of and in full compliance with the Constitution and Statutes of the State of South Carolina, including Title 58, Chapter 31, Code of Laws of South Carolina 1976, as amended, and proceedings of the Board of Directors of the Authority duly adopted, including a resolution adopted by the Board of Directors of the Authority on April 26, 1999 (as supplemented and amended from time to time, the "Revenue Obligation Resolution"). All capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Revenue Obligation Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Revenue Obligation Resolution and in the certified Transcript of Proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing statutes, regulations and court decisions, as follows:

1. The 2016 C Bonds have been authorized and issued in accordance with the Constitution and Statutes of the State of South Carolina and constitute valid and legally binding

special obligations of the Authority payable solely from and secured by a lien upon and pledge of the Revenue Fund and the revenues of the Authority's System and other monies paid into the Revenue Fund (collectively, the "Revenues"), all as set forth and provided in the Revenue Obligation Resolution, on a parity with bonds heretofore and hereafter issued by the Authority pursuant to the Revenue Obligation Resolution on a parity with the 2016 C Bonds.

2. Interest on the 2016 C Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest on the 2016 C Bonds is taken into account in determining adjusted current earnings. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2016 C Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the 2016 C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2016 C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the 2016 C Bonds.

3. The 2016 C Bonds and the interest thereon (including any original issue discount properly allocable to an owner thereof) are exempt from all state, county, school district, municipal, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, transfer or certain franchise taxes.

We express no opinion regarding the accuracy, completeness, or sufficiency of any offering material relating to the 2016 C Bonds. Furthermore, we express no opinion regarding federal tax consequences arising with respect to the 2016 C Bonds, other than as expressly set forth herein.

It is to be understood that the rights of the owners of the 2016 C Bonds and the enforceability of the 2016 C Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

Very truly yours,

DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM

Unless and until the book-entry only system has been discontinued, the 2016C Bonds will be available only in book-entry form in principal amounts of $5,000 or any integral multiple thereof. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2016C Bonds. The 2016C Bonds will be issued initially as fully registered 2016C Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of 2016C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

Beneficial ownership interests in the 2016C Bonds will be available only in book-entry form. Beneficial Owners of the 2016C Bonds ("Beneficial Owners") will not receive physical bond certificates representing their interests in the 2016C Bonds purchased. So long as DTC or its nominee is the registered owner of the 2016C Bonds, references in this Official Statement to the Owners of the 2016C Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

THE FOLLOWING DESCRIPTION OF DTC, ITS PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2016C Bonds, PAYMENT OF INTEREST AND OTHER PAYMENTS ON THE 2016C Bonds TO DTC PARTICIPANTS (AS HEREIN DEFINED) OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2016C Bonds AND OF OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated 2016C Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2016C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016C Bonds on DTC's records. The ownership interest of each actual purchaser of the 2016C Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the 2016C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2016C Bonds, except in the event that use of the book-entry system for the 2016C Bonds is discontinued.

To facilitate subsequent transfers, all of the 2016C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2016C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016C Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2016C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the 2016C Bonds may wish to ascertain that the nominee holding the 2016C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2016C Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2016C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to the Registrar as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2016C Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal, and interest payments on the 2016C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Paying Agent's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. THE AUTHORITY CAN GIVE NO ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

A Beneficial Owner shall give notice to elect to have its 2016C Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent, and shall effect delivery of such 2016C Bonds by causing the Direct Participant to transfer the Participant's interest in the 2016C Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of the 2016C Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2016C Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2016C Bonds to the Registrar and Paying Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2016C Bonds any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

THE AUTHORITY AND THE REGISTRAR AND PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2016C Bonds, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE RESOLUTION AUTHORIZING THE ISSUANCE OF SUCH 2016C Bonds TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL REDEMPTION OF THE 2016C Bonds; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2016C Bonds, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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DELAYED DELIVERY CONTRACT

July 22, 2016

Re: $52,400,000 South Carolina Public Service Authority Revenue Obligations,
2016 Tax-Exempt Refunding Series C

The Purchaser designated below and executing this instrument (the "Purchaser") hereby agrees to purchase when, as, and if issued and delivered by the Authority to Barclays Capital Inc., Merrill Lynch, Pierce Fenner & Smith Incorporated, Goldman, Sachs & Co., Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, US Bancorp and Wells Fargo Bank, National Association (collectively, the "Underwriters") and the Underwriters agree to sell the undersigned,

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield/Price

in the aggregate principal amount of the above-referenced Bonds (the "Purchased Bonds") offered by the Authority's Preliminary Official Statement dated June 22, 2016, as supplemented July 15, 2016, and the Final Official Statement to be dated on or about July 22, 2016 (the "Official Statement"), receipt of copies of which is hereby acknowledged, at a purchase price of $62,510,011.40 (plus accrued interest, if any, from the date of the initial delivery of the Bonds) at the interest rates, amounts and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and the Official Statement (including without limitation the section entitled "DESCRIPTION OF THE 2016C FORWARD DELIVERY BOND PURCHASE AGREEMENT" therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriters on or about October 13, 2016 (the "Settlement Date") as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement among the Authority and the Underwriters.

Payment for the Purchased Bonds which the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriters or their order by wire transfer to a bank account specified by the Underwriters, on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the Authority of the Bonds and purchase thereof by the Underwriters, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional unless the Underwriters terminate the Forward Delivery Bond Purchase Agreement with the Authority to purchase the Bonds on the Settlement Date for re-sale to the Purchaser. The Forward Delivery Bond Purchase Agreement may be terminated if, between the date of this Delayed Delivery Contract and the Settlement Date, any of the following conditions occur:

(a) At any time subsequent to the preliminary closing date on the 2016C Bonds (the "Preliminary Closing Date") which is expected to be August 3, 2016 and on or prior to the

Settlement Date, legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress of the United States by any committee of such House, or passed by either House of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service (the "IRS"), with respect to the federal taxation of interest received on obligations of the general character of the 2016C Bonds, as a result of which, Bond Counsel does not expect to be able to issue an opinion on the Settlement Date either (i) substantially in the form attached as Exhibit IV to the Official Statement (to the effect that interest on the 2016C Bonds is not (A) subject to inclusion in gross income for purposes of federal income taxation, or (B) included as a specific preference item for purposes of federal individual or corporate alternative minimum taxes) or (ii) notwithstanding a change in law from that existing on the Preliminary Closing Date which prevents Bond Counsel from issuing an opinion substantially in the form attached as Exhibit IV to the Official Statement, to the effect that interest on the 2016C Bonds is not included in gross income for federal income tax purposes and is not included as a specific preference item for purposes of federal individual or corporate alternative minimum taxes;

(b) At any time subsequent to the Preliminary Closing Date and on or prior to the Settlement Date, legislation shall be enacted or actively considered for enactment with an effective date prior to the Settlement Date, or a decision of a court of the United States shall be rendered, the effect of which is, in the opinion of counsel to the Underwriters, that the 2016C Bonds are not exempt from registration or other requirements under the Securities Act of 1933, as amended and then in effect, or the Revenue Obligation Resolution is not exempt from qualification or other requirements under the Trust Indenture Act of 1939, as amended and then in effect, or the offering or sale of the 2016C Bonds would be in violation of the Securities Exchange Act of 1934, as amended and then in effect;

(c) At any time subsequent to the Preliminary Closing Date and on or prior to the Settlement Date, a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter shall have been issued or made or any other event occurs the effect of which, in the opinion of counsel to the Underwriters, is that the offering, issuance or sale of the 2016C Bonds as contemplated in the Official Statement is or would be in violation of any provision of the federal securities laws, including without limitation the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect; or

(d) At any time subsequent to the Preliminary Closing Date and on or prior to the Settlement Date, an Event of Default shall have occurred under the Revenue Obligation Resolution which has not been cured as of the Settlement Date.

If the change of law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating, the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the Authority may, nonetheless, be able to satisfy the requirements for the delivery of the Purchased Bonds. In such event, the Purchaser would be required to accept delivery of the Purchased Bonds.

The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the

Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings anticipated to be assigned to the Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the Authority from the date hereof to the Settlement Date of the Bonds (unless such changes give rise to an event of default under the financing documents). The Purchaser further acknowledges that the Underwriters could be liable under the Forward Delivery Bond Purchase Agreement for damages to the Authority in the event of a wrongful failure to accept delivery of the Bonds, and that the Underwriters have executed such Forward Delivery Bond Purchase Agreement in reliance of the Purchaser's commitment set forth herein. Finally, the Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriters of any Delayed Delivery Contract (including this one) is in the Underwriters' sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriters, it is requested that the Underwriters sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriters and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

By:_____
(Signature)

Name: _____
Title: _____
Address: _____
_____

Accepted: _____, 2016

Barclays Capital Inc., as Representative of the Underwriters

By: _____
Name: _____
Title: _____

Underwriters:

Barclays Capital Inc.
Merrill Lynch, Pierce Fenner & Smith Incorporated
Goldman Sachs & Co.
Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
US Bancorp
Wells Fargo Bank, National Association

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South Carolina Public Service authority • revenue obligations, 2016 tax-exempt refunding Series C

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Exhibit E

2017.08.22 Letter from Couick to Leatherman and Lucas

THE ELECTRIC COOPERATIVES OF SOUTH CAROLINA
808 KNOX ABBOTT DRIVE, CAYCE, SC 29033-3538 P (803) 796 6060 F (803) 796 6864 ECSC.ORG TOUCHSTONE.COOP

August 22, 2017

The Honorable Hugh Leatherman, President Pro Tempore of the Senate
The Honorable Jay Lucas, Speaker, House of Representatives
South Carolina General Assembly
State House
Columbia, SC 20201

Dear President Leatherman and Speaker Lucas:

I am writing you today to thank you for beginning a full inquiry into the events and decisions surrounding V.C. Summer units 2 and 3 and to pledge our support for your efforts.

As you may know, the 20 independent, member-owned electric cooperatives in South Carolina—through Central Electric Power Cooperative, their wholesale power aggregator and transmission supplier—are wholesale customers of Santee Cooper. Central buys around 60 percent of Santee Cooper's energy production (kilowatt-hours) and delivers that energy for distribution to cooperative member-consumers in all 46 counties of the state.

Because electric cooperatives are customers of Santee Cooper, its investments at the V.C. Summer nuclear plant directly impact our wholesale cost of power, which is the overwhelming part of our costs. In fact, Central's contract with Santee Cooper results in cooperatives paying about 70 percent of Santee Cooper's capital costs, including those incurred building the new units at V.C. Summer. As a result, we share the immense frustration that you and others have expressed about the wasted money in Jenkinsville. We know that halting construction was the right decision—our own analysis brought us to the same conclusion—but having little to show for our dollars and effort is nevertheless unacceptable.

In the cooperative business model, there are no shareholders who are distinguished from customers and who can help absorb these costs. Our shareholders and our ratepayers are one in the same. As a result, we do not have the luxury of acting in anger. Our only reliable path forward is to thoroughly understand the position we are in, the reason we are in this position, and what must change, so that we do not find ourselves in this position again. We appreciate that you and the governor are engaged in a similar examination.

As customers, the cooperatives sought (with mixed success) information and accountability from V.C. Summer's owners, both during the construction process and while they studied whether to continue, and we appreciate your dedication to pursuing information and accountability beyond this most recent decision. We intend to resist the inclination to act before we fully understand the situation, and we encourage the General Assembly to do the same.

Numerous and complex variables will determine the effects of abandonment on our consumers. When coupled with unanswered questions about the ongoing legal, policy and financial mitigation efforts, these variables make projections about retail electric bills difficult and unreliable at this time. This uncertainty is not acceptable to us, and we are vigorously pursuing answers.

We hope to work with you to answer these and other questions:

- Will Toshiba honor its commitment to pay its parental guaranty, and, if so, are there assurances as to how and when that benefit will flow to all wholesale and retail customers?
- What conditions did SCE&G and Santee Cooper place on the release of liability for Toshiba and Westinghouse?
- What financial value can we expect to recover from V.C. Summer units 2 and 3, and when can we expect to recover that value? What is a prudent course of action to further evaluate options to complete two, one or none of the units?
- Does Santee Cooper have other assets that could provide financial value to its wholesale and its direct-served customers? When and how might that value be extracted?
- What legal, policy or governance changes for Santee Cooper might be considered, and what are the potential financial consequences of those changes?

We will approach questions and options with open minds, and we will do our best to evaluate each scenario by asking, "What is in the best interest of our consumer-members?" We seek to be involved with you in a frank evaluation of both the past and the future of this project, and we are willing to ask whether we did the best job we could as customers to hold our suppliers accountable for reliable information and oversight.

We will do all that we can throughout this process to minimize impacts to our consumers, including actively seeking ways to recover the money that we have invested in this project. Our consumers deserve no less.

Thank you, again, for your commitment to an open and thorough investigation of the circumstances that have brought us to this point.

Sincerely,

Michael N. Couick
President and Chief Executive Officer

Exhibit F

Fourth Amended Complaint

ELECTRONICALLY FILED - 2018 Mar 27 10:31 AM - HAMPTON - COMMON PLEAS - CASE#2017CP2500348

STATE OF SOUTH CAROLINA COUNTY OF HAMPTON	)	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT
Jessica S. Cook, Corrin F. Bowers & Son, Cyril B. Rush, Jr., Bobby Bostick, Kyle Cook, Donna Jenkins, Chris Kolbe, and Ruth Ann Keffer, on behalf of themselves and all others similarly situated, Plaintiffs, v. South Carolina Public Service Authority, an Agency of the State of South Carolina (also known as Santee Cooper); W. Leighton Lord, III, in his capacity as chairman and director of the South Carolina Public Service Authority; William A. Finn, in his capacity as director of the South Carolina Public Service Authority; Barry Wynn, in his capacity as director of the South Carolina Public Service Authority; Kristofer Clark, in his capacity as director of the South Carolina Public Service Authority; Merrell W. Floyd, in his capacity as director of the South Carolina Public Service Authority; J. Calhoun Land, IV, in his capacity as director of the South Carolina Public Service Authority; Stephen H. Mudge, in his capacity as director of the South Carolina Public Service Authority; Peggy H. Pinnell, in her capacity as director of the South Carolina Public Service Authority; Dan J. Ray, in his capacity as director of the South Carolina Public Service Authority; David F. Singleton, in his capacity as director of the South Carolina Public Service Authority; Jack F. Wolfe, Jr. , in his capacity as director of the South Carolina Public Service Authority; Central Electric Cooperative, Inc.; Palmetto Electric Cooperative, Inc.; South Carolina Electric & Gas Company; and SCANA Corporation.	)	CASE NO. 2017-CP-25-348 **FOURTH AMENDED CLASS ACTION COMPLAINT**

ELECTRONICALLY FILED - 2018 Mar 27 10:31 AM - HAMPTON - COMMON PLEAS - CASE#2017CP2500348

Defendants.)

PARTIES AND JURISDICTION

1. Plaintiff Jessica Cook is a resident of Hampton County and owns property in Hampton County. Mrs. Cook purchases her power directly from Defendant Palmetto Electric Cooperative, Inc. ("Palmetto").

2. Plaintiff Corrin F. Bowers & Son is a resident of Hampton County and owns property in Hampton County. Corrin F. Bowers & Son purchases its power directly from Edisto Electric Cooperative, Inc.

3. Plaintiff Cyril B. Rush, Jr. is a resident of Richland County and owns property in Clarendon County. Mr. Rush purchases his power for his Clarendon County property directly from Santee Electric Cooperative, Inc.

4. Plaintiff Bobby Bostick is a resident of Charleston County and owns property in Charleston County. Mr. Bostick purchases his power directly from Berkeley Electric Cooperative, Inc.

5. Plaintiff Kyle Cook is a resident of Aiken County and owns property in Aiken County. Mr. Cook purchases his power directly from Aiken Electric Cooperative, Inc.

6. Plaintiff Donna Jenkins is a resident of York County and owns property in York County. Mrs. Jenkins purchases her power directly from York Electric Cooperative, Inc.

7. Plaintiffs Chris Kolbe and Ruth Ann Keffer are citizens and residents of Horry County, South Carolina. Mr. Kolbe and Mrs. Keffer purchase their power directly from Santee Cooper.

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8. Defendant South Carolina Public Service Authority (also known as Santee Cooper) ("Santee Cooper") is state agency and public power utility created by the South Carolina General Assembly in 1934. Under current law, Santee Cooper "is a corporation owned completely by the people of the State" for a "public purpose" and is operated "for the benefit of the all the people of the State." Santee Cooper has its principal place of business in South Carolina and is engaged in the business of, among other things, the direct sale and transmission of electric power to retail customers in Berkeley, Georgetown, and Horry counties, and to Defendant Central Electric Power Cooperative, Inc., which in turn sells power to the state's 20 distribution cooperatives (collectively the "Distribution Cooperatives").

9. Defendants W. Leighton Lord, III, William A. Finn, Barry Wynn, Kristofer Clark, Merrell W. Floyd, J. Calhoun Land, IV, Stephen H. Mudge, Peggy H. Pinnell, Dan J. Ray, David F. Singleton, and Jack F. Wolfe, Jr. are current and/or former members of the Santee Cooper board of directors involved in the decisions and conduct at issue in this case. Members of Santee Cooper's board of directors are referred to collectively herein as the "Board."

10. Defendant Central Electric Power Cooperative, Inc. ("Central") is a South Carolina corporation with its principal place of business in Columbia, South Carolina. Central conducts business in all 46 counties of South Carolina, including Hampton County.

11. Defendant Palmetto Electric Cooperative, Inc. ("Palmetto") is a South Carolina corporation operating and owning property in Hampton County, South Carolina.

12. Palmetto is one of 20 Distribution Cooperatives. Collectively, the Distribution Cooperatives sell power to customers in all 46 counties in the state.

13. Defendant South Carolina Electric & Gas Company ("SCE&G") is a wholly owned and controlled subsidiary of Defendant SCANA Corporation ("SCANA"), has its

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principal place of business in South Carolina, and is engaged in the business of, among other things, the generation of electric power. SCE&G regularly conducts business and owns property in Hampton County.

14. Defendant SCANA has its principal place of business in South Carolina and is engaged in the business of holding several utility assets, including SCE&G. SCANA and SCE&G control the assets of SCE&G in Hampton County for the benefit of SCANA.

15. Defendants are in the business of providing electric service to customers throughout South Carolina. The service that is the subject of this Amended Complaint is provided and the contracts are performed, in whole or in part, in Hampton County.

16. The above-named Plaintiffs are collectively referred to herein as "Plaintiffs." All Plaintiffs receive their power from Santee Cooper, either directly or through Central and one of the Distribution Cooperatives. Jessica Cook, Corrin F. Bowers & Son, Rush, Bostick, Kyle Cook, and Donna Jenkins are collectively referred to herein as the "indirect Plaintiffs." Plaintiffs Kolbe and Keffer are as collectively referred to herein as the "direct Plaintiffs."

17. This Court has jurisdiction over this matter, and venue for this action is appropriate.

SUBSTANTIVE ALLEGATIONS

18. The filing of this action was prompted by Santee Cooper's and SCE&G's July 31, 2017 decision to abandon construction of two new nuclear reactors (Unit 2 and Unit 3) at the V.C. Summer facility in Fairfield County, South Carolina (the "Project").

19. Santee Cooper is South Carolina's largest producer of electricity. SCE&G is South Carolina's second largest producer of electricity.

20. Santee Cooper distributes its power to all 46 counties, and the majority of the power is sold through a network of Central and the Distribution Cooperatives. The remaining power is

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sold directly to customers, including the direct Plaintiffs. The indirect Plaintiffs purchase their power indirectly from Santee Cooper through Central and the Distribution Cooperatives.

21. Sometime before 2007, Santee Cooper began discussions with SCANA and SCE&G to partner in constructing the Project.

22. Santee Cooper and SCE&G became partners in and co-owners of the now abandoned Project. Santee Cooper is a 45 percent partner, and SCE&G is a 55 percent partner. SCE&G is also the Project's "operator" pursuant to contract with Santee Cooper, whereby SCE&G voluntarily assumed certain management and oversight roles with respect to the Project. Santee Cooper would be informed of all developments, and all of the Defendants retained the ability to provide input and oversight.

23. Upon information and belief, Santee Cooper's involvement in the pre-construction, construction, and post-construction phases of the Project was a material and necessary element of SCE&G's decision to move forward with the Project. Following Santee Cooper's July 31, 2017 announcement that it would abandon the Project, SCE&G followed suit that same day by announcing its intention to abandon the Project as well.

24. The stated basis by Santee Cooper, SCANA, and SCE&G for the Project was to benefit customers with economical and reliable energy made necessary by what Santee Cooper, SCANA, and SCE&G stated to the public and authorities was a need for additional base load capacity.

25. In April 2007, after Santee Cooper, SCANA, and SCE&G had agreed and arranged to deviate from the historical and normal protocol and methods of charging customers for "used and useful" assets, Santee Cooper, SCANA, and SCE&G chose to expand the proposed scope of

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the Project from one nuclear reactor to two. At the time of the expansion of the Project, there already existed questions of whether the additional load capacity was necessary.

26. In 2008, Santee Cooper and SCE&G signed an Engineering, Procurement, and Construction Contract ("EPC") with a consortium including lead contractor Westinghouse Electric Company, LLC ("Westinghouse"), a subsidiary of the Japanese firm Toshiba. The EPC called for Unit 2 to be completed in April 2016 and Unit 3 to be completed in January 2019 at a combined cost of approximately $12 billion.

27. In March 2008, federal licensing authorities were told that Santee Cooper, SCANA, and SCE&G would be given reports based on day-to-day monitoring of every aspect of the construction of the Project.

28. It was clear by 2010 that there was not the additional need for base load capacity, which had ostensibly been the underlying reason for the nuclear construction. The reduced projections for base load needs of the state were known or should have been known by all Defendants.

29. Stability in other sources of electrical power and developments in obtaining natural gas further eroded any basis to continue with the Project that was floundering to get off the ground. These facts also were known or should have been known by all Defendants. Yet no Defendant questioned proceeding, and no Defendant stopped the customers' funds from being funneled into an unnecessary and later abandoned Project.

30. Santee Cooper and SCE&G gave Westinghouse "full notice to proceed" under the EPC in 2012.

31. The Project was set in motion, and money flowing from Santee Cooper and its customers began to be spent on the materials and the construction including, but not limited to,

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financing costs and expenses, despite the fact that no engineer ever sealed the design specifications for the AP-1000 design chosen for the nuclear reactors to be built.

32. From very early on, the Project contractors' promises proved to be entirely unrealistic and unfounded, and a litany of delays, cost overruns, and other setbacks ensued.

33. In an October 2015 amendment to the contract with Westinghouse, the parties negotiated a fixed price structure option to deal with the cost overruns and delays (the "Fixed Price Contract"). Santee Cooper's 2015 "Chairman and CEO Letter" stated: "The amended agreement also gives Santee Cooper and SCE&G more certainty on price and schedule going forward. This is good news for us and for our customers."

34. The Fixed Price Contract set new timelines for construction as follows: Unit 2 (August 31, 2019) and Unit 3 (August 31, 2020). The Fixed Price Contract capped total costs after June 30, 2015 at $6.082 billion, with Santee Cooper's 45 percent share being approximately $2.737 billion.

35. The costs overruns and delays continued unabated as a direct result of the Project's mismanagement. The following list provides an alarming (yet non-exhaustive) account of the Project's mismanagement:

a. Neither Santee Cooper nor SCE&G ever received from the Project contractors an "integrated project schedule" for the Project ("IPS"). An IPS is the master planning document needed to coordinate the materials, work, scheduling, and costs associated with such a large, complicated construction project. Despite making promises and assurances to the contrary, the Project contractors never possessed an IPS for the Project, which is remarkable given the size and cost of the Project. Without an IPS, the cost and scheduling projections were entirely speculative. (A far cry from Westinghouse's fixed estimate of $6.082 billion, current estimates put the cost to completion figure closer to $20 billion.) Despite the absence of the IPS, Santee Cooper and SCE&G approved various construction and financial agreements associated with the Project, charged increased rates attributable to the Project, and made positive and misleading public and private statements regarding the Project's progress and future.

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b. As early as 2013, Santee Cooper and SCE&G were deeply concerned about cost overruns and design delays that put "potentially unrecoverable stress" on the originally promised schedule. The contractor's response was that Santee Cooper and SCE&G knew the AP-1000 reactors had never been built, and the details would be worked out during construction. Shockingly, the contractor in a 2014 letter demanded Santee Cooper and SCE&G keep these issues out of the public eye, writing disclosure would have a "decidedly negative effect on everyone involved in the project." SCE&G's CEO wrote the contractor stating, "I don't have to remind you that continuing delays and cost overruns are unacceptable form a public perspective and could have serious effects." Meanwhile, SCE&G's COO was telling Wall Street: "We hear about nuclear project's being over budget or costs being rampant. I want to reinforce that is not the case with this project."

c. In or around 2015, Santee Cooper and SCE&G hired Bechtel, the nation's largest construction and civil engineering firm, to audit the Project and provide input and recommendations. In a report dated February 2016, Bechtel issued its findings (the "Bechtel Report"). Among other things, the Bechtel Report sounded the alarm regarding the lack of an IPS, noted fundamental flaws in the Project's design, observed the contractor was not "commercially motivated" to finish the job, criticized SCE&G's performance as operator, highlighted waste and inefficiency in the supply and storage of expensive construction material, and lamented poor overall morale on the part of contractors and workers. Santee Cooper and SCE&G concealed and failed to produce the Bechtel Report to regulators, the Governor's Office, the General Assembly, the press, and other interested parties until in or around September 2017 after the Project's abandonment and only in the face of direct threats from Governor McMaster. Despite the Bechtel Report's findings, Santee Cooper and SCE&G entered into the Fixed Price Contract, incurred further financial commitments and obligations, continued to charge increased rates attributable to the Project, and continued to make positive and misleading public and private statements regarding the Project's progress and future.

d. E-mail correspondence between and amongst Santee Cooper, SCE&G, the Project's contractors, consultants, and other parties from 2013 through 2017 reveal significant strife, mistrust, and concern over transparency, mismanagement, and misrepresentations. The e-mails further reveal Santee Cooper's and SCE&G's concern that contractor bankruptcy filings were imminent years before they were ultimately filed. In fact, in June 2016, SCE&G hired bankruptcy attorneys to evaluate and plan for these filings. (Westinghouse ultimately filed for bankruptcy protection on March 29, 2017.) Despite these e-mail communications, Santee Cooper and SCE&G entered into the Fixed Price Contract, incurred further financial commitments and obligations, continued to charge increased rates attributable to the Project, and continued to make positive and misleading public and private statements regarding the Project's progress and future.

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e. Santee Cooper and its Board, SCANA, and SCE&G were aware the Project contractors and others involved in the construction habitually utilized construction and engineering plans that had not been stamped and approved by South Carolina licensed professional engineers and other professionals. Notwithstanding knowledge of this issue, which is a crime in South Carolina and reckless from a sound planning and development perspective, Defendants allowed this conduct to continue or turned a blind eye to it. Not surprisingly, numerous design and engineering flaws emerged over the life of the failed Project, which delayed construction, increased costs, and presented major safety concerns.

f. Governor McMaster wrote to Santee Board Chairman Leighton Lord in late 2017: "We continue to learn of instances in which Santee Cooper was made aware of critical information regarding the design, engineering, and construction of V.C. Summer … [i]t is clear that under your leadership and direction, Santee Cooper has failed to cooperate as required by providing the information necessary to resolve this crisis." Lord ultimately resigned.

g. Central and Palmetto, as a Distribution Cooperative, were aware of the unnecessary nature of the Project and understood the base load needs of the state and the fact that the proposed project far exceeded any needs of their customers. It was not reasonable to begin the Project, even less reasonable to continue the project before ground was broken, and reckless to go along with a plan with as many problems as the Project contained.

36. Disturbingly, Central and Palmetto, as a Distribution Cooperative, had ample opportunity to discover and protect their customers from the waste and mismanagement at the Project. Yet Central and Palmetto did nothing on behalf of their customers despite possessing constructive and actual notice of the Project's failures.

37. The funding that Santee Cooper provided for the voluntarily abandoned Project came out of Plaintiffs' pockets, flowed upstream, and ended in one of two places—abandoned property in Fairfield County or in the SCANA shareholders' pockets. The payments toward the Project from both direct and indirect customers of Santee Cooper were in exchange for the promised benefit of economical and reliable power, but the payments have not produced a single benefit for any customer who receives its power from Santee Cooper.

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38. Santee Cooper clearly knew from very early on that SCANA and SCE&G were mismanaging the Project to the point that the Project's completion was in jeopardy, yet Santee Cooper continued to pour the funds of its direct and indirect customers into the Project. At best, Santee Cooper and the Board had their collective heads in the sand. All Defendants knew or should have known that serious questions existed about the propriety of the Project and its management.

39. Central lies in between Santee Cooper and the Distribution Cooperatives in the distribution chain. Central purchases power from Santee Cooper as the designated purchaser for the Distribution Cooperatives and their customers. Central is the largest customer of Santee Cooper and holds considerable influence on the decisions made by Santee Cooper. Central is supposed to make decisions that are best for all of the Distribution Cooperative customers, as Central's board is made up of representatives from the Distribution Cooperatives. Central, because of its position, has the duty to negotiate the purchase contracts in the best interests of the cooperative customers and the duty to demand of Santee Cooper certain behavior. Because of Central's purpose and position, Central had the ability and the duty to monitor the Project. Central ignored this duty, failing to report to the cooperative customers the waste, negligence, and mismanagement that was occurring. Furthermore, as the Project was teetering on extinction, Central directed an approximately $175 million payment to the Project that was beyond what it was required to pay.

40. Despite Central, the Distribution Cooperatives, and the other Defendants having access to information revealing significant problems with the Project for years prior to the abandonment, the customers were never informed and continued to be fleeced for a benefit that will never come.

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41. The Distribution Cooperatives, including Palmetto, are owned by their customers. The Distribution Cooperatives owe contractual, common law, fiduciary, and statutory duties to their customers. The Distribution Cooperatives were on notice of significant issues with the Project and failed to protect customers from the continued waste and mismanagement.

42. Central, in part because of its design and purpose, also has contractual, common law, and statutory duties, and those duties flow directly to and for the benefit of the customers of the Distribution Cooperatives.

43. SCANA and SCE&G owed and voluntarily assumed various duties and obligations to Santee Cooper's direct and indirect customers, including Plaintiffs, by playing a central role in the Project and due to its special relationship with Santee Cooper on the Project. SCANA and SCE&G breached these duties and obligations, thus harming Plaintiffs, by mismanaging the Project, abandoning the Project, and making numerous false and misleading statements along the way.

44. To date, Santee Cooper has spent approximately $4.7 billion in pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the Project. Santee Cooper has financed and continues to finance some or all of these costs through specifically tailored rate increases imposed by the Board and paid by its direct and indirect customers, including Plaintiffs.

45. In fact, Santee Cooper has raised the electricity rates charged to its retail customers, including the Santee Cooper Plaintiffs, at least five times to pay for pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the Project. Most recently, Santee Cooper increased rates by 3.7 percent in April 2016 and by another 3.7 percent in April 2017.

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46. The aforementioned rate increases charged to Santee Cooper's direct and indirect customers specifically tailored to pay for pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the Project are referred to as the "increased rates."

47. S.C. Code Ann. § 58-27-810 states "[e]very rate made, demanded or received by any electrical utility or by any two or more electrical utilities jointly shall be just and reasonable."

48. Santee Cooper's rate setting authority is governed by statute, namely S.C. Code Ann. §§ 58-31-30(13), -55(A)(3)(A), -360, and subject to other applicable state and federal law limitations.

49. S.C. Code Ann. § 58-31-30(13) authorizes Santee Cooper:

> to fix, alter, charge, and collect tolls and other charges **for the use of their facilities** of, or **for the services rendered** by, or **for any commodities furnished** by, the Public Service Authority at rates to be determined by it, these rates to be at least sufficient to provide for payment of all expenses of the Public Service Authority, the conservation, maintenance, and operation of its facilities and properties, the payment of principal and interest on its notes, bonds, and other evidences of indebtedness or obligation, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such notes, bonds, or other evidences of indebtedness or obligation.

(Emphasis added)

50. S.C. Code Ann. § 58-31-55(A)(3)(a) requires the Board discharge its duties in such a manner as to "preserv[e] … the financial integrity of [Santee Cooper] and its ongoing operation of generating, transmitting, and distributing electricity to wholesale and retail customers on a reliable, adequate, efficient, and safe basis, at just and reasonable rates, regardless of the class of customer."

51. Under S.C. Code Ann. § 58-31-360, Santee Cooper:

> shall, fix, establish, maintain and collect rents, tolls, rates and charges **for**

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> **the use of the facilities** of or **for the services rendered** or **for any commodities furnished** by the Public Service Authority, at least sufficient to provide for payment of all expenses of the Public Service Authority, the conservation, maintenance and operation of its facilities and properties and the payment of the principal of and interest on its notes, bonds, evidences of indebtedness or other obligations, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such notes, bonds, evidences of indebtedness or obligations heretofore or hereafter issued or incurred. Provided, however, that prior to putting into effect any increase in rates the Public Service Authority shall give at least sixty days' notice of such increase to all customers who will be affected by the increase.

(Emphasis added)

52. Upon information and belief, to date, Santee Cooper has collected hundreds of millions of dollars in increased rates to finance pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the Project. Although, upon and information and belief, no additional rate increases to cover Project-related costs are presently contemplated by Santee Cooper, the increased rates will continue to be charged to Plaintiffs into the future as part of the existing rate structure. Today, the costs associated with the Project account for approximately 8.5 percent of Santee Cooper's retail customers' monthly bills. Upon information and belief, the costs associated with the Project account for a similar percentage of the Distribution Cooperatives' customers' monthly bills.

53. SCANA and SCE&G have reaped and will continue to reap substantial profit despite the Project's abandonment. Profit for SCANA and SCE&G increased as the costs of the Project increased, creating an incentive for SCANA and SCE&G to spend indiscriminately that Santee Cooper and Central understood and should have taken action to protect their customers from.

54. The abandonment and total failure of the Project means Santee Cooper's direct and indirect customers, including Plaintiffs, will never see any use, service, commodity, or benefit

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from the Project, despite having paid substantial sums of money for them in the form of the increased rates, and despite Santee Cooper, the Board, SCANA, and SCE&G having made countless public promises and assurances to provide reliable, affordable, and environmentally friendly electrical power.

55. Despite the Project's failure and the above misconduct, Santee Cooper's executives have received undeserved performance bonuses, retirement packages ("golden parachutes"), and other benefits. SCANA's and SCE&G's shareholders and executives have similarly reaped financial windfalls.

56. The purpose of this action is to address the undeniable reality that because Defendants Santee Cooper and SCE&G chose to charge customers for costs in advance of any benefit being conferred by the Project being placed in service, and those charges were passed through to customers by Central and the Distribution Cooperatives, because Defendants either participated in or allowed the waste and negligent mismanagement of the funds advanced by customers, and because Santee Cooper and SCE&G have now abandoned the Project, Defendants must either confer the benefit for which they charged Plaintiffs or pay damages flowing from the mismanagement and abandonment of the Project.

CLASS ALLEGATIONS

57. Under Rule 23, SCRCP, Plaintiffs bring this action on behalf of themselves and a class of all customers, both indirect and direct ("the Class"), initially defined as:

> All Santee Cooper residential, commercial, small industrial, and other customers, both direct and indirect, who paid utility bills that included rates calculated, in part, to pay pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the V.C. Summer Nuclear Reactor Unit 2 and 3 Project from January 1, 2007, to the present.

58. This class is logically divided into two subclasses, those who purchased power

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generated by Santee Cooper directly ("the Direct Subclass") and those who purchased power generated by Santee Cooper indirectly ("the Cooperative Subclass").

59. Excluded from the Class are:

a. Santee Cooper, its legal representatives, elected officials, officers, directors, assigns, and successors;

b. Wholesale customers of Santee Cooper, including Central, the Distribution Cooperatives, and their respective legal representatives, elected officials, officers, directors, assigns, and successors;

c. SCANA, its legal representatives, elected officials, officers, directors, assigns, and successors;

d. SCE&G, its legal representatives, elected officials, officers, directors, assigns, and successors;

e. The judge, magistrate, and any special master to whom this case is assigned, and any member of their immediate families; and

f. To the extent the class certification order permits exclusion, all persons who timely submit proper requests for exclusion from the plaintiff class.

60. Upon information and belief, the Class consists of hundreds of thousands of individuals and entities who are direct and indirect Santee Cooper customers. Thus, the Class is so numerous that joinder of all members is impracticable, thereby satisfying Rule 23(a)(1), SCRCP. The disposition of the claims of the members of the Class in a single class action will provide substantial benefits to all parties and to the Court.

61. There are questions of law and fact common to Plaintiffs and the Class, thereby satisfying Rule 23(a)(2), SCRCP. These questions include, but are not limited to, the following:

a. Whether Santee Cooper's series of rate increases were statutorily authorized.

b. Whether the Board breached one or more statutory or fiduciary duties.

c. Whether Santee Cooper engaged in unconstitutional takings.

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d. Whether Santee Cooper violated the due process rights of its customers.

e. Whether Defendants were negligent, grossly negligent, and reckless, thereby damaging Plaintiffs.

f. Whether Santee Cooper breached its contractual obligations.

g. Whether Central and Palmetto, as a Distribution Cooperative, breached their contractual obligations.

h. Whether SCANA and SCE&G breached their contractual obligations to all direct and indirect customers of Santee Cooper.

i. Whether Plaintiffs are entitled to equitable relief against Defendants in the form of unjust enrichment, money had and received, or general principles of equity.

62. Resolution of these common questions in a single action will eliminate the risk of inconsistent and varying adjudications, and it will allow Class members to present their claims efficiently and share the costs of litigation, experts, and discovery.

63. Plaintiffs' claims are typical of the claims of the members of the Class, thereby satisfying Rule 23(a)(3), SCRCP. Plaintiffs' claims arise from the same nucleus of operative facts and are intended to correct and prevent the same improper conduct that has impinged or will impinge identically upon Plaintiffs and members of the Classes.

64. The service contract(s) for Plaintiffs and Class members is the same or similar and conveys the same or similar rights.

65. The legal relationship between Plaintiffs and Santee Cooper or the Distribution Cooperative from which power is purchased is the same or similar to the legal relationship between Santee Cooper or the Distribution Cooperatives and all of their customers. Plaintiffs consist of direct customers of Santee Cooper and indirect customers of Santee Cooper who are also

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customers of the Distribution Cooperatives, and each Plaintiff is fully able and properly offered to represent any additional subclass that may be necessary.

66. The legal relationship between the Cooperative Subclass Plaintiffs and Central is the same or similar to that of all customers of the Distribution Cooperatives.

67. Plaintiffs consist of both direct and indirect customers of Santee Cooper and together represent and are pursuing direct and indirect claims against Santee Cooper that are the same or similar to the claims of direct or indirect customers of Santee Cooper.

68. The legal relationship between Plaintiffs and SCANA and SCE&G is the same or similar to that the legal relationship between all customers purchasing power from Santee Cooper or the Distribution Cooperatives and SCANA and SCE&G.

69. Similarly, Defendants have exhibited that they will act and have acted or refused to act in ways that are universal to the Classes.

70. Plaintiffs will fairly and adequately protect the interests of the Classes, thereby satisfying Rule 23(a)(4), SCRCP. Plaintiffs' interests are coincident with and not antagonistic to the interests of the members of the Class, and Plaintiffs are represented by experienced and able counsel who have previously litigated class actions. Plaintiffs and their counsel are committed to vigorously prosecuting this action on behalf of the plaintiff Class, and they have the financial resources and intellectual wherewithal to do so.

71. Plaintiffs and members of the Class have each suffered damages that exceed One Hundred Dollars ($100.00), thereby satisfying Rule 23(a)(5), SCRCP.

FOR A FIRST CAUSE OF ACTION
Declaratory Judgment—Statutorily Unauthorized Rate Imposition
On Behalf of the Class Against Santee Cooper

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72. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

73. Plaintiffs and the Class seek a declaratory judgment pursuant to S.C. Code Ann. § 15-53-30 and Rule 57, SCRCP, for the purposes of determining a question of actual controversy between the parties. S.C. Code Ann. § 15-53-30 provides that any party whose rights or status have been affected by a statute may have determined any question of construction or validity arising under the statute, and obtain a declaration of rights, status, or other legal relations thereunder.

74. Plaintiffs and the Class seek a declaration of rights under S.C. Code Ann. §§ 58-31-30(13), -55(A), -200, -360, and other such sections as may be applicable. Specifically, the Plaintiffs and the Class seek declarations as follows:

a. Imposition, collection, and expenditure of the rate increases associated with the voluntarily abandoned Project exceeded Santee Cooper's statutory authority because, under S.C. Code Ann. §§ 58-31-30(13), -360, rates and charges must be "for the use of the facilities" or "for the services rendered" or "for any commodities furnished by [Santee Cooper]." Plaintiffs and the Class will never use any energy produced by the voluntarily abandoned Project, receive services from the voluntarily abandoned Project, or benefit from any commodities associated with the voluntarily abandoned Project.

b. Imposition, collection, and expenditure of the rate increases associated with the abandoned Project exceeded Santee Cooper's statutory authority because, under S.C. Code Ann. § 58-31-55(A)(3)(a), the rates must be "just and reasonable," which they were not in this case since they exceeded Santee Cooper's statutory authority; Santee Cooper woefully mismanaged the construction effort; and given the

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voluntary abandonment of the Project, Plaintiffs and the Class will never see any benefit (use, services, or commodities) despite having paid substantial sums of money.

c. Imposition, collection, and expenditure of the rate increases associated with the voluntarily abandoned Project exceeded Santee Cooper's statutory authority because S.C. Code Ann. § 58-31-200 does not authorize Santee Cooper to depart from the longstanding "used and useful" doctrine embraced by the South Carolina Supreme Court and S.C. Code Ann. §§ 58-31-30(13), -360.

d. Imposition, collection, and expenditure of the rate increases associated with the voluntarily abandoned Project exceeded Santee Cooper's statutory authority to the extent the mandatory sixty-day statutory notice prior to setting rates, under S.C. Code Ann. § 58-31-360, was either not provided or not adequately provided.

75. Since Santee Cooper exceeded its statutory authority by imposing, collecting, and expending the unlawful rates should be refunded, with interest, to Plaintiffs and the Class.

FOR A SECOND CAUSE OF ACTION
Breach of Statutory Duties
On Behalf of the Class Against Board

76. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

77. Plaintiffs and the Class have standing to bring this action pursuant to S.C. Code Ann. § 58-31-57 and South Carolina law, more generally. The Board, collectively, violated S.C. Code Ann. § 58-31-55(A) by, among other things, woefully mismanaging and overseeing the Project as set forth above, which ultimately was voluntarily abandoned at great cost to Santee Cooper and Plaintiffs.

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78. The Board's decision making was not consistent with Santee Cooper's "best interests" as defined by S.C. Code Ann. § 58-31-55(A)(3) in that has severely undermined public confidence in Santee Cooper, the "financial integrity" of Santee Cooper, and "economic development and job attraction." The consequences of the Board's decision making are so severe that the future of Santee Cooper is in question.

79. The Board cannot benefit from the safe harbor language found in S.C. Code Ann. § 58-31-55(B) because the conditions of S.C. Code Ann. § 58-31-55(C) have been satisfied. Specifically, despite any protestation to the contrary and at all times relevant, the Board knew or should have known that there were profound problems with the viability of the Project from its outset, which only grew worse and worse over time.

80. These statutory violations proximately caused Plaintiffs and the Class monetary losses, namely the rate increases associated with the voluntarily abandoned Project they paid, which were excessive, unjust, and unlawful.

81. Given the foregoing statutory violations, the Plaintiffs and the Class are entitled to disgorgement of Santee Cooper's ill-gotten gains, namely, the sums collected from Plaintiffs and the Classes to pay costs associated with the Project, reasonable attorneys' fees and costs, and appropriate equitable relief pursuant to S.C. Code Ann. § 58-31-57.

FOR A THIRD CAUSE OF ACTION
Breach of Fiduciary Duties
On Behalf of the Direct Subclass Against Board

82. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

83. The direct Plaintiffs and the Direct Subclass have standing to bring this action pursuant to S.C. Code Ann. § 58-31-57 and South Carolina law, more generally.

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84. A fiduciary relationship exists between the direct Plaintiffs and the Direct subclass and the Board because the former (as the ultimate owners of Santee Cooper) reposes special confidence in the latter to oversee and manage the affairs of the agency. The Board knew or should have known customers placed such confidence in its management, and the Board knowingly accepted this responsibility. The special circumstances characterizing this fiduciary relationship are further demonstrated by the substantial sums of money collected by the Board in the form of rates, the technical nature of the projects and efforts overseen by the Board, and the promises made by the Board to customers.

85. The Board, collectively, breached its fiduciary duties to the direct Plaintiffs and the Direct Subclass by, among other things, woefully mismanaging and overseeing the Project as set forth above, which ultimately was voluntarily abandoned at great cost to Santee Cooper, the direct Plaintiffs, and the Direct Subclass.

86. The Board, collectively, breached its fiduciary duties to the direct Plaintiffs and the Direct Subclass by charging them hundreds of millions of dollars via a series of statutorily improper rate increases, as discussed above, which were designed to pay costs associated with construction of the Project.

87. The Board's decisions, actions, and inactions were not in good faith, were inconsistent with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and were not in the best interests of Santee Cooper or its customers.

88. These breaches proximately caused the direct Plaintiffs and the Direct Subclass monetary losses, namely the increased rates they paid, which were excessive, unjust, and unlawful.

89. Given the foregoing breaches, the direct Plaintiffs and the Direct Subclass are entitled to disgorgement of Santee Cooper's ill-gotten gains, namely the sums collected from the

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direct Plaintiffs and the Direct Subclass to pay costs associated with the Project, reasonable attorneys' fees and costs, and appropriate equitable relief pursuant to S.C. Code Ann. § 58-31-57.

FOR A FOURTH CAUSE OF ACTION
Breach of Contract and/or Breach of Implied Contract
On Behalf of the Direct Subclass Against Santee Cooper

90. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

91. A contractual relationship supported by valuable consideration exists between the direct Plaintiffs and the Direct Subclass and Santee Cooper. In exchange for the payment of monthly electricity rates, Santee Cooper, among other things, provides electricity service and, of relevance here, maintains its existing power production and supply infrastructure.

92. A portion of the direct Plaintiffs' and the Direct Subclass's monthly electricity rates since January 1, 2009 was specifically tailored and charged to pay for costs associated with construction of the Project (*i.e.*, future power to serve future customers). Santee Cooper made a variety of promises to its customers concerning these charges including, but not limited to, the Project will actually be built on time and on budget and ultimately provide reliable, affordable, and environmentally friendly electrical power.

93. Santee Cooper breached its contract with the direct Plaintiffs and the Direct Subclass because the Project has been abandoned and Santee Cooper's customers will never receive any benefits from the Project (use, services, or commodities) whatsoever despite having paid increased rates specifically designated for costs associated with the Project.

94. Santee Cooper breached its contract with the direct Plaintiffs and the Direct Subclass because the rates associated with the Project were neither just nor reasonable under the circumstances.

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95. Additionally, Santee Cooper breached the covenant of good faith and fair dealing, which accompanies all contracts under South Carolina law, by engaging in the conduct described above.

96. As a result of these breaches, the direct Plaintiffs and the Direct Subclass have suffered substantial losses and are entitled to full compensation, including all direct and consequential damages and interest.

FOR A FIFTH CAUSE OF ACTION
Unconstitutional Taking Under the South Carolina Constitution
On Behalf of the Class Against Santee Cooper

97. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

98. Article I, Section 13(A) of the South Carolina Constitution prohibits state agencies, like Santee Cooper, from taking private property without just compensation and without providing "public use."

99. Article I, Section 13(A) of the South Carolina Constitution further provides under no circumstances may private property ever be taken by the government for private use or economic development purposes without the owner's consent.

100. Money is private property for the purposes of a takings analysis.

101. Santee Cooper mandated customers pay increased rates associated with the voluntarily abandoned Project; however, these funds have never and will never provide any public use, service, or commodity for the benefit of customers due to the abandonment. The increased rates are not taxes, fees, or special assessments. Plaintiffs and the Class were forced to pay these unlawful, increased rates or risk the loss of electricity, which is a necessary feature of modern life, heath, and sanitation.

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102. The increased rates associated with the voluntarily abandoned Project constitute unconstitutional takings because they violate the just compensation and public use requirements under the South Carolina Constitution.

103. Moreover, the Project would not have moved forward without the participation of and financial commitments by Santee Cooper. Despite the Project's abandonment and utter failure, SCANA's and SCE&G's shareholders have reaped and will continue to reap substantial private profits. Had Santee Cooper not been involved in the Project, these private profits would not have been captured by SCANA's and SCE&G's shareholders. Simply put, Santee Cooper's involvement in the Project, specifically the funds collected from its customers, enabled and facilitated massive private profit for SCANA and SCE&G and a total loss for its own customers. As such, Santee Cooper's increased rates associated with the voluntarily abandoned Project amount to the taking of private property, without consent, for private benefit in violation of the South Carolina Constitution.

104. Given the foregoing, Plaintiffs and the Class are entitled to the return of all monies collected and spent by Santee Cooper in violation of the South Carolina Constitution plus reasonable attorneys' fees and costs.

FOR A SIXTH CAUSE OF ACTION
Violation of the Due Process Under the South Carolina Constitution
On Behalf of the Direct Subclass Against Santee Cooper

105. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

106. Article I, Section 3 of the South Carolina Constitution prohibits state agencies, like Santee Cooper, from depriving persons of, among other things, "property without due process of law."

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107. Santee Cooper violated Article I, Section 3 to the extent customers such as the direct Plaintiffs and the Direct Subclass were either not provided notice at all or provided insufficient notice (under the circumstances) and an opportunity to participate in any meaningful process prior to the imposition, collection, and expenditure of the unlawful rates at issue in this case.

108. Santee Cooper further violated Article I, Section 3 to the extent material facts about the prospects and future of the construction effort were concealed or not communicated accurately during the various rate setting processes used by Santee Cooper.

109. Santee Cooper further violated Article I, Section 3 to the extent the imposition, collection, and expenditure of the rates at issue in this case was a unilateral decision made by the Board with no oversight from any other agency, a foregone conclusion irrespective of any ratepayer advocacy, and without any meaningful process for customers to examine the merits of the rate increases under the circumstances or with the aid of material information Santee Cooper possessed or could reasonably access.

110. Given the foregoing, the direct Plaintiffs and the Direct Subclass are entitled to the return of all monies collected and spent by Santee Cooper in violation of the South Carolina Constitution plus reasonable attorneys' fees and costs.

FOR A SEVENTH CAUSE OF ACTION
Breach of Contract and/or Breach of Implied Contract
On Behalf of the Cooperative Subclass Against Santee Cooper, Central and Palmetto

111. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

112. Santee Cooper and Central sell power to the Distribution Cooperatives including Palmetto.

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113. Santee Cooper and Central understand that when power is sold to the Distribution Cooperatives, the intended beneficiaries of the purchased power are the indirect cooperative Plaintiffs and the Cooperative Subclass.

114. As the intended beneficiaries of contracts between Santee Cooper, Central, and the Distribution Cooperatives, the indirect cooperative Plaintiffs and the Cooperative Subclass entered into contracts indirectly with Santee Cooper and Central, pursuant to which Santee Cooper and Central were to provide the Distribution Cooperatives safe, reliable, and steady electrical power and to charge only those charges that were necessary and allowed by law for that service. In exchange, the indirect cooperative Plaintiffs and the Cooperative Subclass, in order to have electrical power, have been forced to pay and have paid electricity rates. These payments inured to the benefit of all Defendants.

115. Santee Cooper and the Defendants within the distribution chain breached their contracts with the indirect Plaintiffs and the Cooperative Subclass by passing along charges in the form of increased rates associated with the Project, which has now been abandoned. This breach violates both explicit terms of governing statutes, the terms of the governing agreements for the cooperatives, the terms of the contracts for service with the Plaintiffs, and the implied terms of the contracts with the Plaintiffs including the implied obligations of good faith and fair dealing.

116. Santee Cooper and the Defendants within the distribution chain continue to pass along these charges without a proper legal basis.

117. As a result of Santee Cooper's and the Defendants within the distribution chain breaches of contract, the indirect Plaintiffs and the Cooperative Subclass have suffered substantial losses and are entitled to full compensation, including all direct and consequential damages and interest.

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FOR AN EIGHTH CAUSE OF ACTION
Negligence
On Behalf of the Class Against Defendants

118. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

119. Defendants owe duties to Plaintiffs and the Class, including, but not limited to:

a. The duty to follow the law and treat customers pursuant to the rights granted to all citizens by the Constitution of South Carolina;

b. The duty to conduct themselves in a reasonable manner as a prudent and responsible entity would with the knowledge and duties that each Defendant possessed;

c. The duty to be forthright, honest, and transparent, and act in good faith when disclosing information to customers and the public;

d. The duty of a fiduciary as a provider of electrical services;

e. The duty to exercise the highest care when providing the public with electricity;

f. The duty to follow and abide by all applicable regulations and statutes;

g. The duty to see that the Project was managed and overseen in a reasonable manner.

h. The duty to supervise and ensure that monies collected from customers for the Project were not being squandered through poor construction practices or unreasonable activities.

i. The fiduciary duty, as utility providers and cooperatives, and also as holders of advance payments belonging to the customers, to employ proper care in preventing and/or mitigating waste and loss.

120. Defendants breached these duties by engaging in the conduct described above.

121. As a result of these breaches, Plaintiffs and the Class have suffered substantial losses and are entitled to recover all actual damages.

122. Defendants' conduct alleged herein was willful, wanton, and reckless, thereby entitling Plaintiffs and the Class to an award of punitive damages.

FOR A NINTH CAUSE OF ACTION

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Breach of Contract and/or Breach of Implied Contract
On Behalf of the Class Against SCANA and SCE&G

123. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

124. SCANA and SCE&G contracted with Santee Cooper, in exchange for valuable consideration, to be the "operator" for the construction of the Project, meaning SCANA and SCE&G voluntarily assumed certain management and oversight responsibilities on behalf of Santee Cooper and its direct and indirect customers. SCANA and SCE&G also entered into various other contracts supported by consideration with Santee Cooper and others concerning the construction of the Project.

125. SCANA and SCE&G knew or should have known that Plaintiffs and the Class were intended and direct beneficiaries of these contracts and the Project itself. SCANA and SCE&G benefited from the payments made by the Class on the Project.

126. SCANA and SCE&G breached these contracts because, among other things, the Project has abandoned and Santee Cooper's direct and indirect customers will never receive any benefits from the Project (use, services, or commodities) whatsoever despite having paid increased rates specifically designated for costs associated with the Project. SCANA and SCE&G further breached these contracts by failing to perform as the "operator" of the project as further outlined above and detailed in the Bechtel Report.

127. Additionally, SCANA and SCE&G breached the covenant of good faith and fair dealing, which accompanies all contracts under South Carolina law, by engaging in the wrongful and misleading conduct described above, such as knowingly or negligently providing false representations and statements concerning the Project's viability despite its knowledge to the contrary. These statements misled Santee Cooper, its direct and indirect customers, and the public

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and benefited SCANA and SCE&G economically.

128. As a result of these breaches, Plaintiffs and the Class have suffered substantial losses and are entitled to full compensation, including all direct and consequential damages and interest.

FOR A TENTH CAUSE OF ACTION
Unjust Enrichment / Money Had and Received
On Behalf of the Class Against Defendants

129. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

130. Plaintiffs and the Class conferred a non-gratuitous benefit on Defendants in the form of increased rates associated with the Project. Defendants promised Plaintiffs and the Class a variety of benefits in exchange for the increased rates, namely cheaper, cleaner, and more dependable nuclear power. Plaintiffs and the Class had no choice but to pay the increased rates or else run the risk of losing their electricity, which is an essential feature of modern life and human health and sanitation.

131. Defendants realized value from the increased funds by, among other things, using them to directly or indirectly purchase goods, materials, services, and other items of value in connection with the Project. Additionally, the Project, which would not have proceeded as long as it did without the increased rates, generated economic and other value to Defendants, including financial profit, increased stock value, bonuses, retirement benefits, and other corporate and personal value.

132. Despite paying the increased rates and conferring benefits on Defendants, all of which have been retained and none of which have been disgorged, Plaintiffs and Class will receive none of the promised benefits (or any benefits at all) due to the Project's abandonment. What is

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more, Plaintiffs and the Class stand to continue to suffer losses by continuing the pay the increased rates post-abandonment.

133. Plaintiffs and the Class are entitled, as a matter of equity, to recover the increased rates associated with the Project and other relief deemed reasonable and appropriate by the Court.

FOR AN ELEVENTH CAUSE OF ACTION
Constructive Trust
On Behalf of the Class Against Defendants

134. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

135. Plaintiffs and the Class reposed a special confidence in Defendants to use the monies they paid to build the Project. Defendants in equity and good conscience were bound to act in good faith and due regard to the interests of Plaintiffs.

136. By accepting Plaintiffs' and the Class' funds, Defendants accepted the fiduciary relationship with regard to the management of the funds and the construction of the Project.

137. Defendants have accepted Plaintiffs' and the Class' monies for the construction of the Project by charging them increased rates.

138. Defendants were trusted with Plaintiffs' and the Class' monies to build the Project.

139. Defendants knew, or should have known, that the Project was not feasible or viable, and that they were not spending Plaintiffs' and the Class' monies properly.

140. Even with knowledge that the Project was over budget and was likely to fail, Defendants continued to collect monies from Plaintiffs and the Class.

141. Defendants were managing the funds of Plaintiffs and the Class. Thus, Defendants owed a duty and/or fiduciary duty to Plaintiffs and the Class to prudently manage the monies and to properly oversee the Project.

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142. Defendants also concealed material issues with the Project from Plaintiffs and the Class while continuing to collect monies from them to pay for the Project.

143. Defendants' actions in concealing the material issues with the Project while continuing to collect and spend Plaintiffs' and the Class' monies were fraudulent and in bad faith.

144. Defendants' actions abused the confidence of Plaintiffs and the Class and were in violation of the fiduciary duty owed to Plaintiffs and the Class to properly spend their monies.

145. Plaintiffs and the Class should be entitled to the return from Defendants of:

a. the entire Toshiba Settlement;

b. all profits received by Defendants;

c. all funds received from the sale of the Project or parts thereof; and

d. all increased rates that were paid associated with the Project.

146. Defendants have a duty and obligation in equity to make restitution to Plaintiffs and the Class.

FOR A TWELFTH CAUSE OF ACTION
Equity
On Behalf of the Class Against Defendants

147. Plaintiffs restate and reiterate all preceding paragraphs as if specifically restated herein.

148. "Courts have the inherent power to do all things reasonably necessary to insure that just results are reached to the fullest extent possible." *Ex Parte Dibble*, 279 S.C. 592, 595–96, 310 S.E.2d 440, 442 (Ct. App. 1983).

149. Defendants' actions and inactions described above represent an unprecedented travesty of mismanagement, misconduct, and waste. This is the most profound economic catastrophe in the history of the state. Meanwhile, Defendants and their officers, shareholders,

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parent companies, and employees have received undeserved performance bonuses, retirement packages, and other financial benefits despite the utter failure of the Project. Plaintiffs and the Class, all of whom are entirely innocent, have suffered substantial economic losses for which they deserve compensation under fundamental notions of justice and fairness.

150. Given the foregoing, this Court should employ its inherent equitable powers to right past wrongs and fashion a just and appropriate remedy for Plaintiffs and Class.

JURY TRIAL DEMANDED AND PRAYER FOR RELIEF

WHEREFORE, the Plaintiffs demands a jury trial and pray for judgment, against the Defendants and that:

A. The Court certify the Class and appoint the undersigned as Class Counsel;

B. Plaintiffs and the Class recover the general and special compensatory damages determined to have been sustained by them;

C. Plaintiffs and Class be awarded the just and proper equitable relief requested;

D. Plaintiffs and the Class recover punitive damages in an amount to be determined;

E. Plaintiffs recover the costs of this suit, including any expert witness fees and reasonable attorneys' fees; and,

F. The Court grants such other, further, or different relief as may be deemed just and proper.

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ATTORNEYS FOR PLAINTIFFS

Dated: March 27, 2018
Hampton, South Carolina

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Exhibit G

Central Answer

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF HAMPTON	)	FOURTEENTH JUDICIAL CIRCUIT
Jessica S. Cook, et al.	)	Civil Action No. 2017-CP-25-348
	)	
Plaintiff,	)	
	)	DEFENDANT CENTRAL ELECTRIC
vs.	)	POWER COOPERATIVE, INC.'S
	)	ANSWER TO FOURTH AMENDED
South Carolina Public Service Authority	)	COMPLAINT AND CROSS-CLAIMS
(also known as Santee Cooper), et al.,	)	AGAINST SOUTH CAROLINA PUBLIC
	)	SERVICE AUTHORITY AND ITS
Defendants.	)	DIRECTORS
	)	

Defendant Central Electric Power Cooperative, Inc. ("Central") answers the Plaintiffs' Fourth Amended Complaint and Cross-Claims against Defendant South Carolina Public Service Authority ("Santee Cooper") and its directors as follows:

FOR A FIRST DEFENSE

1. All allegations not specifically admitted are denied.

2. Central lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraphs 1, 2, 3, 4, 5, 6, and 7.

3. Paragraph 8 is admitted with the qualification that Central's admission is based on the understanding that the term "Distribution Cooperatives" is with reference to Central's member cooperatives. All subsequent admissions and denials by Central in this Answer are made with the same understanding.

4. Paragraph 9 is admitted to the extent of the named individual defendants' status as current or former members of the Santee Cooper board of directors. Central lacks information

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sufficient to form a belief as to the respective involvement of each of the named individual defendants, and therefore denies the remainder of Paragraph 9.

5. Paragraph 10 is admitted to the extent of Central's status as a South Carolina non-profit corporation that does business in counties throughout South Carolina, including Hampton County.

6. Paragraph 11 is admitted.

7. Paragraph 12 is admitted.

8. Paragraphs 13 and 14 are admitted.

9. Answering Paragraph 15, Central admits that Defendants Santee Cooper, Central, Palmetto, and SCE&G are engaged in the sale of electrical power to their respective customers and admits that sale of electrical power is pursuant to contracts that are performed, in whole (Palmetto) or in part (Santee Cooper, Central, & SCE&G), in Hampton County.

10. Central lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 16.

11. Paragraph 17 sets forth legal conclusions to which no responsive pleading is required.

12. Answering Paragraph 18, Central admits SCE&G's and Santee Cooper's decisions announced on July 31, 2017 to abandon construction of two new nuclear reactors at the V.C. Summer facility ("V.C. Summer Project"), and admits the Fourth Amended Complaint relates, in part, to those decisions. Central lacks information or knowledge sufficient to form a belief as to what prompted the individual Plaintiffs to file this action.

13. Paragraph 19 is denied upon information and belief.

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14. Answering Paragraph 20, Central admits that it is a wholesale purchaser of power from Santee Cooper, admits that Central is Santee Cooper's largest customer, admits that Central supplies power to its member cooperatives which in turn supply power to their members who, collectively, are located in all 46 counties in South Carolina, and admits that Santee Cooper also supplies power directly to retail customers. Any remaining allegations are denied.

15. Paragraph 21 is admitted upon information and belief.

16. Answering Paragraph 22, Central admits that Santee Cooper and SCE&G are 45% and 55% co-owners of the V.C. Summer Project, respectively, admits that SCE&G is the V.C. Summer Project's "operator" pursuant to a contract with Santee Cooper, and admits that SCE&G had certain management and oversight roles with respect to the V.C. Summer Project. Central denies that it ever had or that it retained the ability to provide oversight of the V.C. Summer Project. Central lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 22.

17. Paragraph 23 is admitted upon information and belief.

18. Paragraph 24 is admitted.

19. Central lacks sufficient information or knowledge sufficient to form a belief as to the allegations of paragraph 25.

20. Paragraph 26 is admitted upon information and belief.

21. Central lacks knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 27.

22. Paragraph 28 is denied as alleged.

23. Answering Paragraph 29, Central admits that there were changes to various factors affecting the economics of the V.C. Summer Project over its life and that Central made its

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concerns about the Project known to Santee Cooper throughout the life of the Project. Central denies that it failed to make inquiry about the desirability of continuing the V.C. Summer Project. Central admits that the rates it paid to Santee Cooper included costs associated with the V.C. Summer Project. Central lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 29.

24. Paragraph 30 is admitted upon information and belief.

25. Answering Paragraph 31, Central admits the V.C. Summer Project was commenced, admits that Santee Cooper incurred financing costs for the V.C. Summer Project, admits that costs associated with the V.C. Summer Project were passed on to Central, which costs were passed on to Central's member cooperatives. Central lacks information or knowledge to form a belief as to the truth of the allegations regarding engineering review of the Project. Any remaining allegations are denied.

26. Central lacks sufficient information or knowledge to form a belief as to the allegations of paragraph 32.

27. Paragraphs 33 and 34 are admitted.

28. Answering Paragraph 35, Central admits that the V.C. Summer Project continued to experience cost overruns and delays and admits that an external review of the V.C. Summer Project concluded that the V.C. Summer Project was mismanaged by the parties with management responsibility, which parties did not include Central. Central denies having control over the V.C. Summer Project and denies any wrongdoing as alleged or inferred in Paragraph 5.g. Central objects to the remaining allegations of Paragraph 35 set forth in subparts a., b., c., d., and e. These subparts do not comply with the pleading requirements under the applicable South Carolina Rules of Civil Procedure, specifically Rule 8(a) ("short and plain statement") and

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Rule 8(e) ("Each averment of a pleading shall be simple, concise, and direct."), and Central cannot reasonably be expected to respond to two pages of single-spaced text addressed to the conduct of other parties.

29. Paragraph 36 is denied.

30. Answering Paragraph 37, Central admits that rates it was charged by Santee Cooper included costs associated with the V.C. Summer Project, admits those rates that Central paid to Santee Cooper were recouped from the member cooperatives and admits on information and belief that Santee Cooper's rates charged to its retail customers also included costs associated with the V.C. Summer Project. Central further admits that a stated goal for the V.C. Summer Project was to provide economical and reliable power and admits that the V.C. Summer Project has not and will not produce any power. Any remaining allegations are denied.

31. Answering Paragraph 38, Central admits that Santee Cooper has charged and continues to charge rates that reflect costs associated with the V.C. Summer Project, but Central denies any wrongdoing on Central's part as alleged or implied in Paragraph 38. Central lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 38.

32. Answering Paragraph 39, Central admits that it is a wholesale purchaser of power from Santee Cooper, admits that Central is Santee Cooper's largest customer, admits that Central supplies power to its member cooperatives which in turn supply power to their members, and admits Central is subject to the governance provisions of the Electric Cooperative Act, S.C. Code Ann. § 33-49-10, *et seq.* Central denies the remaining allegations as they are alleged in Paragraph 39.

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33. Answering Paragraph 40, Central denies that it acted improperly with respect to the information that it had regarding the project and denies the remaining allegations.

34. Answering Paragraph 41, Central admits that its member cooperatives are owned by their members and that they are subject to the applicable common law, their contractual relationships, and the governance provisions of the Electric Cooperative Act, S.C. Code Ann. § 33-49-10, *et seq.* Central denies the remaining allegations of paragraph 41.

35. Answering Paragraph 42, Central admits it is subject to the applicable common law, its contractual relationships, and the governance provisions of the Electric Cooperative Act, S.C. Code Ann. § 33-49-10, *et seq.* Central denies the remaining allegations of Paragraph 42.

36. Lacking any knowledge or information about the Plaintiffs, Central lacks knowledge and information sufficient to form a belief as to the truth of the allegations of Paragraph 43.

37. Answering Paragraph 44, Central admits that Santee Cooper has spent approximately $4.7 billion in pre-operational expenses associated with the V.C. Summer Project, and admits that Central has paid rates that include Santee Cooper's pre-operational costs associated with the V.C. Summer Project. Central lacks knowledge or information sufficient to form a belief as to the truth of the allegations with respect to impact on the Plaintiffs in this action.

38. Central lacks information sufficient to form a belief as to the truth of the allegations of paragraph 45.

39. Paragraph 46 contains no averments to be admitted or denied.

40. Paragraphs 47, 48, 49, 50, and 51 are admitted.

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41. Central admits the allegations of Paragraph 52 with the exception of the alleged percentages of the rates associated with the V.C. Summer Project. Central lacks knowledge or information sufficient to form a belief as to the truth of the allegations as to the percentages of the rates associated with the V.C. Summer Project.

42. Answering the allegations of Paragraph 53, Central denies that it acted improperly with respect to the V.C. Summer Project. Central lacks information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 53.

43. Answering Paragraph 54, Central admits that, as a result of the failure and abandonment of the V.C. Summer Project, Central, its member cooperatives, and the member cooperatives' members will not receive any benefit from the portion of the rates paid by those entities and individuals that is associated with the cost of the V.C. Summer Project. Central further admits that, prior to the announcements of the abandonment of the V.C. Summer Project, Santee Cooper, one or more members of its board of directors, SCANA, and SCE&G made multiple public assurances that the V.C. Summer Project would result in reliable, affordable, and environmentally friendly electrical power. Central lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 54 made with respect to the individual Plaintiffs.

44. Answering the incorporated allegations of Paragraph 55, Central incorporates the preceding admissions and denials as if fully restated. Central further admits the failure of the V.C. Summer Project and admits upon information and belief that one or more Santee Cooper executives received performance bonuses and other benefits during the time the V.C. Summer Project was in progress. Central lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 55.

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45. The allegations of Paragraph 56 regarding the purpose of the action and the remedies sought are not averments to be admitted or denied. To the extent any allegations are considered factual allegations as to Central, Central admits only that it is a wholesale purchaser of power from Santee Cooper at rates established by Santee Cooper pursuant to the terms of a contract between Central and Santee Cooper, that the rates established by Santee Cooper included costs associated with the V.C. Summer Project, and that the rates Central charges its member cooperatives include the costs Central has paid to Santee Cooper. Any remaining allegations made with reference to Central are denied.

46. Paragraphs 57, 58, and 59 do not contain averments to be admitted or denied.

47. Answering Paragraph 60, Central admits that the prerequisite in Rule 23(a)(1), SCRCP, is satisfied because the class as defined is so numerous that joinder of all members is impracticable. The remaining allegations of Paragraph 60 are denied.

48. Paragraphs 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, and 71 are denied.

49. Answering the incorporated allegations of Paragraph 72, Central incorporates the preceding admissions and denials as if fully restated.

50. The Paragraph 73 and 74 do not set forth averments to be admitted or denied.

51. Answering Paragraph 75, Central admits that Santee Cooper exceeded its statutory authority by imposing rates that included costs associated with the V.C. Summer Project, and admits that Santee Cooper's direct customers, including Central, should have that portion of the rates refunded to them. Central denies the remaining allegations of Paragraph 75.

52. Answering the incorporated allegations of Paragraph 76, Central incorporates the preceding admissions and denials as if fully restated.

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53. Paragraphs 77, 78, 79, 80, and 81 set forth an alleged cause of action by the Plaintiffs specific to Santee Cooper's board of directors and requires no response by Central.

54. Answering the incorporated allegations of Paragraph 82, Central incorporates the preceding admissions and denials as if fully restated.

55. Paragraphs 83, 84, 85, 86, 87, 88, and 89 set forth an alleged cause of action by the Plaintiffs specific to Santee Cooper's board of directors and requires no response by Central.

56. Answering the incorporated allegations of Paragraph 90, Central incorporates the preceding admissions and denials as if fully restated.

57. Paragraphs 91, 92, 93, 94, 95, and 96 set forth an alleged cause of action by the Plaintiffs specific to Santee Cooper and requires no response by Central.

58. Answering the incorporated allegations of Paragraph 97, Central incorporates the preceding admissions and denials as if fully restated.

59. Paragraphs 98, 99, 100, 101, 102, 103, and 104 set forth an alleged cause of action by the Plaintiffs specific to Santee Cooper and requires no response by Central.

60. Answering the incorporated allegations of Paragraph 105, Central incorporates the preceding admissions and denials as if fully restated.

61. Paragraphs 106, 107, 108, 109, and 110 set forth an alleged cause of action by the Plaintiffs specific to Santee Cooper and requires no response by Central.

62. Answering the incorporated allegations of Paragraph 111, Central incorporates the preceding admissions and denials as if fully restated.

63. Answering Paragraph 112, Central admits that it is a wholesale purchaser of power from Santee Cooper and admits that Central supplies power to its member cooperatives, including Palmetto. Any remaining allegations are denied.

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64. Answering Paragraph 113, Central admits its understanding that power it supplied to its member cooperatives would be used to provide service to the member cooperatives' members. The remaining allegations of Paragraph 113 are denied.

65. Paragraphs 114 and 115 are denied as alleged.

66. Paragraph 116 is admitted to the extent it alleges that Santee Cooper's rates that it charges to Central continue to include costs associated with the V.C. Summer Project that should not be included. All remaining allegations are denied.

67. Answering Paragraph 117, Central admits that Santee Cooper has breached its contract with Central but denies that Central has breached a contract with any Plaintiff or member of any proposed class. The remaining allegations are specific to other Defendants and require no response by Central.

68. Answering the incorporated allegations of Paragraph 118, Central incorporates the preceding admissions and denials as if fully restated.

69. Paragraphs 119, 120, 121, and 122 are denied as to Central. To the extent those paragraphs set forth claims specific to the other Defendants, no response is required by Central.

70. Answering the incorporated allegations of Paragraph 123, Central incorporates the preceding admissions and denials as if fully restated.

71. Paragraphs 124, 125, 126, 127, and 128 set for an alleged cause of action by the Plaintiffs specific to SCANA and SCE&G and require no response by Central.

72. Answering the incorporated allegations of Paragraph 129, Central incorporates the preceding admissions and denials as if fully restated.

73. Paragraphs 130, 131, 132, and 133 are denied as to Central. To the extent those paragraphs set forth claims specific to the other Defendants, no response is required by Central.

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74. Answering the incorporated allegations of Paragraph 134, Central incorporates the preceding admissions and denials as if fully restated.

75. Paragraphs 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, and 146 are denied as to Central. To the extent those paragraphs set forth claims specific to the other Defendants, no response is required by Central.

76. Answering the incorporated allegations of Paragraph 147, Central incorporates the preceding admissions and denials as if fully restated.

77. Paragraph 148 is admitted to the extent it alleges that the quoted statement can be found in the cited case.

78. Paragraphs 149 and 150 are denied as to Central. To the extent those paragraphs set forth claims specific to the other Defendants, no response is required by Central.

FOR A SECOND DEFENSE OR AFFIRMATIVE DEFENSE
(Negligence of Others)

79. Central is not directly, vicariously, or otherwise liable for any acts or omissions of SCE&G, Santee Cooper, or Santee Cooper's board of directors regarding the design, construction, or abandonment of the V.C. Summer Project or the rates charged as a result of the V.C. Summer project and cannot be held liable for the acts or omissions of those parties.

FOR A THIRD DEFENSE OR AFFIRMATIVE DEFENSE
(Lack of Proximate Cause)

80. Any alleged damages claimed to be sustained by Plaintiffs and the putative class relating to the design, construction, or abandonment of the V.C. Summer project were occasioned and proximately caused solely by the acts or omissions of other parties over whom Central had no supervision or control, and therefore Central cannot be held liable to Plaintiffs

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and the putative class for any alleged damages sustained by Plaintiffs by reason of those alleged acts or omissions.

FOR A FOURTH DEFENSE OR AFFIRMATIVE DEFENSE
(Statute of Limitations)

81. Plaintiffs' claims and those of the putative class are barred in whole or in part by the applicable statutes of limitation and any applicable statute of repose.

FOR A FIFTH DEFENSE OR AFFIRMATIVE DEFENSE
(Economic Loss Rule)

82. The cause of action by Plaintiffs and the putative class for negligence against Central is barred by the economic loss rule because the damages sought to be recovered are economic.

FOR A SIXTH DEFENSE OR AFFIRMATIVE DEFENSE
(Lack of Privity)

83. Because Plaintiffs and the putative class have no contractual or other legal relationship with Central, Plaintiffs' claims against Central and those of the putative class against Central are barred because of a lack of privity.

FOR A SEVENTH DEFENSE OR AFFIRMATIVE DEFENSE
(Lack of Standing)

84. Plaintiffs and the putative class lack standing to sue Central.

FOR AN EIGHTH DEFENSE OR AFFIRMATIVE DEFENSE
(No Unjust Enrichment)

85. As a non-profit entity, Central retains only sufficient money to cover its costs and to meet its capital requirements.

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86. Because Central has paid to Santee Cooper rates for power as established by Santee Cooper, Central has not been enriched by the reimbursement of those costs from its member cooperatives.

FOR A NINTH DEFENSE OR AFFIRMATIVE DEFENSE
(Rule 12(b)(6))

87. The Third Amended Complaint fails to state facts sufficient to constitute a cause of action pursuant to which punitive damages, treble damages, or costs could be awarded, or any other relief granted, against Central.

CENTRAL'S CROSS-CLAIMS AGAINST DEFENDANT SANTEE COOPER

I. NATURE OF CROSS-CLAIMS

1. Central seeks a declaration that Santee Cooper, which owns 45% of the abandoned nuclear generating units at V.C. Summer, lacks statutory authority to impose on its customers charges related to the failed V.C. Summer Project, and further seeks a declaration of Central's rights and Santee Cooper's contractual obligations with respect to improper charges that Santee Cooper has imposed and intends to impose on Central, as well as a constructive trust on a lump sum payment received by Santee Cooper. In addition to Central's cross-claims against Santee Cooper, Central further seeks statutory relief against Santee Cooper's individual directors solely in their capacity as directors.

II. PARTIES AND JURISDICTION

2. Central is a South Carolina non-profit corporation with headquarters located in Columbia, South Carolina. Central is not subject to the jurisdiction of the South Carolina Public Service Commission or the Base Load Review Act, S.C. Code Ann. §§ 58-33-210 through 58-33-298.

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3. Santee Cooper is a public authority of the State of South Carolina, a body corporate and politic, with the power to sue and be sued, and with a principal office in the town of Moncks Corner near the Santee Cooper power dam and navigation locks in Berkeley County.

4. William Finn, Barry Wynn, Kristofer Clark, Merrell W. Floyd, J. Calhoun Land IV, Stephen H. Mudge, Peggy H. Pinnell, Dan J. Ray, David F. Singleton, and Jack F. Wolfe Jr. are the directors of Santee Cooper. These individual parties are collectively referenced as "Directors".

5. The parties are subject to the jurisdiction of this Court.

6. Venue is proper in this Court.

7. The Court has subject-matter jurisdiction over the claims in this action.

III. BACKGROUND

A. The Parties' Relationship and Coordination Agreement

8. Central provides total wholesale electric service to all of South Carolina's 20 electric distribution cooperatives, which in turn serve over 700,000 accounts in all 46 counties of South Carolina through a distribution network totaling more than 70,000 miles ofdistribution line.

9. Santee Cooper is South Carolina's state-owned electric and water utility. Through its decades-long relationship with Central, Santee Cooper also generates much of the power distributed by the state's 20 electric distribution cooperatives.

10. Santee Cooper is governed by and subject to the provisions of its enabling act, including S.C. Code Ann. §§ 58-31-10 through 58-31-220.

11. In 1980, Central entered into a Power Systems Coordination and Integration

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Agreement (as subsequently amended from time to time, the "Coordination Agreement") with Santee Cooper.

12. The Coordination Agreement requires Central to purchase most of its electrical power and energy requirements from Santee Cooper.

13. Under the Coordination Agreement, Santee Cooper charges Central for about 70% of Santee Cooper's capital costs.

B. The Failed Construction of V.C. Summer Units 2 and 3

14. In 2008, Santee Cooper and SCE&G agreed to construct two additional nuclear-power generating units ("Units 2 and 3") at the V.C. Summer plant in an arrangement under which Santee Cooper would own 45%, and SCE&G would own the remaining 55%, of Units 2 and 3.

15. The agreements between Santee Cooper and SCE&G originally provided for Unit 2 to be completed in April 2016 and for Unit 3 to be completed in January 2019 at a combined cost of approximately $12 billion.

16. Santee Cooper and its Board of Directors intended to pass the costs associated with the construction of Units 2 and 3 on to Santee Cooper's customers, including Central.

17. The project has suffered from substantial delays and cost overruns.

18. In August 2015, Bechtel Power Corporation, which has substantial experience designing and constructing nuclear-fueled power plants, was retained to perform an independent assessment of the project.

19. In October 2015, Bechtel presented its findings to Santee Cooper and SGE&C and delivered a comprehensive draft report containing its findings in November 2015 (the "First

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Bechtel Report").

20. The First Bechtel Report contained a number of conclusions about the construction project, its "challenges," and various failures of Santee Cooper and SGE&C. The First Bechtel Report also concluded that the projected commercial operation dates would be delayed by 18 to 26 months for Unit 2 and 24 to 36 months for Unit 3, which would add significantly to overall project costs.

21. The First Bechtel Report was not issued as drafted. Instead, a shortened, sanitized "final" report was issued by Bechtel in February 2016 ("Final Bechtel Report"). Among other changes from the First Bechtel Report, the Final Bechtel Report omitted Bechtel's determination that the commercial operation dates for Unit 2 and Unit 3 would be delayed.

22. Both the First and Final Bechtel Reports identified significant issues affecting the V.C. Summer Project, including that "the V.C. Summer Units 2 & 3 project suffers from various fundamental [engineering, procurement, and construction] and major project management issues that must be resolved for project success."

23. Santee Cooper did not share the First or Final Bechtel Reports with Central.

24. Central saw those reports only after they were released in September 2017 in connection with an inquiry from the Governor McMaster.

25. It has now become apparent that Santee Cooper mismanaged the V.C. Summer Project and failed adequately to monitor and oversee the project.

26. In an effort to contain escalating project costs, Santee Cooper and SCE&G negotiated a fixed-price option with Westinghouse Electric Company, LLC, the contractor

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responsible for the ongoing construction of Units 2 and 3, in late 2015 and exercised that option in June 2016. The fixed-price option was designed, in part, to cap total construction costs incurred for Units 2 and 3 after June 2015.

27. In March 2017, Westinghouse filed for bankruptcy and stated that it would not finish construction of Units 2 and 3 under the fixed price contract.

C. The Abandonment of V.C. Summer Units 2 and 3

28. After Westinghouse's bankruptcy filing, neither Santee Cooper nor SCE&G was able to the resolve the V.C. Summer Project's delays or contain its escalating costs.

29. On July 31, 2017, Santee Cooper issued a press release announcing its decision to suspend construction of the V.C. Summer Project. SCE&G issued a similar press release on the same day.

30. Santee Cooper's July 31 press release explained that "Santee Cooper has spent approximately $4.7 billion in construction and interest to date for its 45 percent share of the new nuclear power project. The analysis shows the project would not be finished until 2024, four years after the most recent completion date provided by Westinghouse, and would end up costing Santee Cooper customers a total of $11.4 billion."

31. Santee Cooper's July 31 press release further stated that "schedule delays [had] increased the projected interest costs 143 percent over the original plan."

32. V.C. Summer Units 2 and 3 never entered service and were never used by or useful to Santee Cooper, SCE&G, or anyone else. Moreover, given the decision to abandon the V.C. Summer Project, Central and Santee Cooper's other customers will never benefit from the additional generating capacity that Units 2 and 3 would have provided.

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33. Notwithstanding the abandonment of Units 2 and 3, Santee Cooper has continued to charge Central for costs associated with the construction of those units.

IV. CLAIMS FOR RELIEF

COUNT ONE
Declaratory Judgment—Breach of Statutory Duties
(Santee Cooper)

34. The averments in Paragraphs 1 through 32 above are adopted and incorporated by reference.

35. Central seeks a declaration of Santee Cooper's statutory authority under South Carolina law, and enforcement of that authority as declared by the Court. This case presents a justiciable controversy, and Central is entitled to have determined questions of construction arising under the statutes at issue and to obtain a declaration of rights, status, or other legal relations thereunder in accordance with the Uniform Declaratory Judgments Act, S.C. Code Ann. §§ 15-53-10 through 15-53-140.

36. Because Santee Cooper is a creature of statute, Santee Cooper's powers are enumerated and limited by statute.

37. S.C. Code Ann. § 58-31-30 subsections (A)(7) and A(13) expressly impose the "used and useful" test on Santee Cooper's ability to include costs for facilities in rates charged to its customers. Accordingly, while Santee Cooper has statutory authority to build and maintain facilities for the manufacture, distribution, purchase, and sale of power, and has authority to impose charges for the use of those facilities, Santee Cooper has no authority to collect charges for facilities that are *not* used or useful, for services that are *not* rendered, or for commodities that are *not* furnished.

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38. Because Santee Cooper and SCE&G have abandoned the V.C. Summer Project and the construction of V.C. Summer Units 2 and 3, those facilities will not be used and useful, and Santee Cooper will not render any services or furnish any commodities in connection with those facilities.

39. Thus, Santee Cooper has exceeded its statutory authority and violated South Carolina law by imposing and collecting charges related to the V.C. Summer Project and the construction of the abandoned V.C. Summer Units 2 and 3. As a creature of statute, Santee Cooper has only those rights granted by statute, and its attempt to charge Central for the abandoned project is *ultra vires* and unlawful.

40. Additionally, at all times relevant to this Cross-Claim, S.C. Code Ann. § 58-31-55 required Santee Cooper to provide generation, transmission, and distribution services to its wholesale and retail customers "at just and reasonable rates."

41. Under settled rate-making principles applicable to Santee Cooper, it may not recover from ratepayers the costs associated with facilities that are not used and useful and/or that have been abandoned before completion.

42. V.C. Summer Units 2 and 3 have been abandoned, and such units are not, and will not be, used and useful.

43. Thus, it is unjust and unreasonable, and a violation of its statutory duties, for Santee Cooper to impose on ratepayers rates that include costs associated with Units 2 and 3.

44. Central is entitled to a declaration that Santee Cooper has exceeded its statutory authority and violated South Carolina law by imposing and collecting rates that include costs associated with the V.C. Summer Project and the abandoned V.C. Summer

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Units 2 and 3.

45. In the alternative, even if Santee Cooper were not required to exclude from rates all costs associated with the abandoned units, a substantial portion of such costs, in an amount to be determined at trial, should be excluded because inclusion of such costs in the rates to ratepayers would not be just or reasonable.

46. Thus, in the alternative, Central is entitled to a declaration that Santee Cooper has exceeded its statutory authority and violated South Carolina law by imposing and collecting unjust and unreasonable rates related to the V.C. Summer Project and the construction of the abandoned V.C. Summer Units 2 and 3.

COUNT TWO
Breach of Contract
(Santee Cooper)

47. The averments in paragraphs 1 through 32 are adopted and incorporated by reference.

48. Central seeks a declaration of its rights and Santee Cooper's duties under the Coordination Agreement, and enforcement of those rights and duties. This case presents a justiciable controversy, and Central is entitled to have determined questions of construction arising under the contract at issue and to obtain a declaration of rights, status, or other legal relations thereunder in accordance with the Uniform Declaratory Judgments Act, S.C. Code Ann. §§ 15-53-10 through 15-53-140.

49. The Coordination Agreement between Santee Cooper and Central is a binding and enforceable contract under which Central has performed its obligations.

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50. In addition to violating South Carolina law by imposing rates and charges related to the V.C. Summer Project and the construction of the abandoned V.C. Summer Units 2 and 3, as set forth in Count One, Santee Cooper has breached the Coordination Agreement.

51. Permissible rates and charges for Central's purchases from Santee Cooper under the Coordination Agreement are derived from an annual "Cost of Service Study."

52. The annual Cost of Service Study is based on Santee Cooper's "revenue requirements," which are defined as "those annual costs of a utility (in this case, [Santee Cooper]) that are *reasonably* recovered through rates and charges to [Santee Cooper's customers] for *"service* during a given period." (Sec. I. A. of Appx. E to May 20, 2013 Amendment to Coordination Agreement) (emphasis added).

53. Because the V.C. Summer Project was abandoned, V.C. Summer Units 2 and 3 are not providing and will not provide *any* service to Central, and the Coordination Agreement does not permit Santee Cooper to recover costs associated with such units from Central. In charging such costs to Central, Santee Cooper has breached and continues to breach the Coordination Agreement, including the implied covenant of good faith and fair dealing, and Central is entitled to a declaration to that effect.

54. Additionally, because the abandoned Units 2 and 3 are not and will not be used or useful, the costs associated with those units may not *reasonably* be recovered from Central. In charging such costs to Central, Santee Cooper has breached and continues to breach the Coordination Agreement.

55. In the alternative, even if Santee Cooper were not required to exclude from rates all costs associated with the abandoned units, a substantial portion of such costs, in an amount to be determined at trial, cannot "reasonably" be recovered from Central. In charging such costs to

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Central, Santee Cooper has breached and continues to breach the Coordination Agreement, including the implied covenant of good faith and fair dealing, and Central is entitled to a declaration to that effect.

56. Central is entitled to such further relief as is necessary or proper to ensure that Central is compensated for any past improper charges and to prevent Santee Cooper from imposing any future charges related to the V.C. Summer Project or V.C. Summer Units 2 and 3.

57. Central is also entitled to such further relief as is necessary or proper to prevent Santee Cooper from imposing any future unjust and unreasonable rates related to the V.C. Summer Project or V.C. Summer Units 2 and 3.

58. In addition, pursuant to Art. II.B.1 of the Coordination Agreement, Santee Cooper was obligated to "exchange [with Central] information and studies and analyses relating to matters involving generation and transmission planning ...."

59. The Coordination Agreement also requires Santee Cooper to "cooperate and coordinate [with Central] with respect to the joint planning of future Resources"—a process that involves "Preliminary Assessments" based on "System Load Forecasts," "Generation Expansion Plans," and the "Planned Retirement" of any "Shared Resources" (including V.C. Summer Units 2 and 3) that may no longer be necessary to meet system needs. (Art. IV of May 20, 2013 Amendment to Coordination Agreement). This process also included review of whether existing generation plans should be modified.

60. As part of this process, the parties were to work "cooperatively and in good faith" and "collaboratively." Also, Santee Cooper was obligated to "regularly share with Central . . . information in its possession or control which [Santee Cooper] reasonably believes is material to the development of the

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Generation Expansion Plan."

61. Pursuant to its express and implied duties under Article IV, Santee Cooper was obligated to provide material information to Central regarding the V.C. Summer Project.

62. Santee Cooper failed to provide material information to Central regarding the V.C. Summer Project. For example, Santee Cooper did not disclose either the First or Final Bechtel Reports to Central. Thus, Central did not know that in November 2015, Bechtel had concluded that the projected commercial operation dates would be delayed by 18 to 26 months for Unit 2 and 24 to 36 months for Unit 3, which would add significantly to overall project costs.

63. Nor was Central informed about other problems known by Santee Cooper and identified by Bechtel with respect to the V.C. Summer Project.

64. Santee Cooper thwarted the parties' joint planning process and breached its duties under Articles II and IV, as well as the implied covenant of good faith and fair dealing, by failing to provide to Central information, studies, and analyses that were material to the V.C. Summer Project and the parties' joint generation planning.

65. These breaches deprived Central of the full benefit of its contractual rights, including with respect to joint generation planning, Preliminary Assessments, Generation Expansion Plans, and the potential Planned Retirement of V.C. Summer Units 2 and 3. Central is entitled to a declaration to that effect and to such relief as is necessary or proper to ensure that Central is compensated for any past improper charges and to prevent Santee Cooper from imposing future charges related to the V.C. Summer Project.

66. Santee Cooper further breached its duties under Article IV by failing to engage in good faith joint generation planning with Central. Central is entitled to a declaration to that effect

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and to such relief as is necessary or proper to ensure that Central is compensated for any past improper charges and to prevent Santee Cooper from imposing future charges related to the V.C. Summer Project.

COUNT THREE
Constructive Trust—Toshiba Payment and Citibank Payment
(Santee Cooper)

67. The averments in paragraphs 1 through 32 above are adopted and incorporated by reference.

68. When it became apparent Westinghouse could not fulfill its obligations, Santee Cooper and SCE&G pursued claims against Toshiba Corp. ("Toshiba"), the parent entity of Westinghouse.

69. Santee Cooper and SCE&G entered an arrangement with Toshiba whereby Toshiba agreed to pay Santee Cooper and SCE&G a total sum of $2.168 billion ("Toshiba Payment") over a fixed period of time.

70. Santee Cooper and SCE&G split the monetary guarantee from Toshiba according to their respective percentages of ownership, with Santee Cooper to receive 45 percent ($976 million) and SCE&G to receive 55 percent ($1.19 billion).

71. Santee Cooper subsequently entered an arrangement with Citibank to sell its rights to the Toshiba Payment stream for a discounted lump sum cash payment in the amount of $831.2 million ("Citibank Payment"), which payment has been paid to Santee Cooper by Citibank.

72. Santee Cooper's conduct with respect to the V.C. Summer Project as set forth in these Cross-Claims and the circumstances pursuant to which Santee Cooper

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received the Citibank Payment render it inequitable for Santee Cooper to retain the Citibank Payment, which should instead be allocated to Santee Cooper's customers in an amount proportional to the percentage of Santee Cooper's capital costs borne by the customers.

73. Central is Santee Cooper's largest customer, and through the rates it pays to Santee Cooper, Central bears approximately 70% of Santee Cooper's capital costs.

74. This Court should impose a constructive trust on the Citibank Payment and order Santee Cooper to pay to Central 70% of the discounted lump sum payment received by Santee Cooper from Citibank, with such payment to be distributed by Central to its member cooperatives.

COUNT FOUR
Breach of Statutory Duties
(Directors)

75. The averments in paragraphs 1 through 32 above are adopted and incorporated by reference.

76. This Cross-Claim is brought against the Directors solely in their official capacities as directors.

77. Central is a wholesale customer of Santee Cooper and has standing to bring this claim under S.C. Code Ann. § 58-31-57.

78. At all times relevant to this Cross-Claim, S.C. Code Ann. § 58-31-55 required the Directors to ensure that Santee Cooper provide generation, transmission, and distribution services to its wholesale and retail customers "at just and reasonable rates."

79. The inclusion of costs associated with Units 2 and 3 in rates charged to Central is not just and reasonable.

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80. Central is entitled to a declaration that the imposition and collection of rates that include costs associated with the V.C. Summer Project and the abandoned V.C. Summer Units 2 and 3 does not comport with S.C. Code Ann. § 58-31-55.

81. In the alternative, Central is entitled to a declaration that, even if all costs associated with the abandoned units were not required to be excluded from Santee Cooper's rates, a substantial portion of such costs, in an amount to be determined at trial, should be excluded because not just and reasonable.

82. Central is entitled to such further relief, including equitable relief under S.C. Code Ann. § 58-31-57, as is necessary or appropriate to prevent Santee Cooper from imposing any future charges related to the V.C. Summer Project or V.C. Summer Units 2 and 3.

V. JURY DEMAND

Central demands a trial by jury on all issues so triable.

VI. PRAYER FOR RELIEF

Central therefore prays for the following relief:

(a) For Plaintiffs' Fourth Amended Complaint to be dismissed with respect to Central;

(b) Declaratory Judgment against Santee Cooper as specified in Count One of Central's Cross-Claims;

(c) Compensation and additional relief as to Santee Cooper as specified in Count Two of Central's Cross-Claims

(d) Imposition of a constructive Trust as to Santee Cooper as set forth in Count Three of Central's Cross-Claims;

(e) Declaratory and additional relief as to the Directors as specified in Count Four of Central's Cross-Claims;

(f) Declaratory and further necessary or proper relief;

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(g) An award of Central's recoverable expenses of litigation from Santee Cooper; and

(h) Such other and further relief as this Court deems just and proper with respect to Plaintiff's Complaint and Central's Cross-Claims against Santee Cooper and the Directors.

s/ Frank R. Ellerbe, III

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April 25, 2018

Exhibit H

Palmetto Answer

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMONS PLEAS
	)	FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF HAMPTON	)	CASE NO. 2017-CP-25-348
JESSICA S. COOK, CORRIN F. BOWERS & SON, CYRIL B. RUSH, JR., BOBBY BOSTICK, KYLE COOK, DONNA JENKINS, CHRIS KOLBE, and RUTH ANN KEFFER, on behalf of themselves and all others similarly situated,	)	
Plaintiffs,	)	**AMENDED ANSWER OF DEFENDANT PALMETTO ELECTRIC COOPERATIVE, INC., TO PLAINTIFF'S FOURTH AMENDED CLASS ACTION COMPLAINT**
vs.	)	
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY, an Agency of the State of South Carolina (also known as Santee Cooper); W. LEIGHTON LORD, III, in his capacity as chairman and director of the South Carolina Public Service Authority; WILLIAM A. FINN, in his capacity as director of the South Carolina Public Service Authority; BARRY WYNN, in his capacity as director of the South Carolina Public Service Authority; KRISTOFER CLARK, in his capacity as director of the South Carolina Public Service Authority; MERRELL W. FLOYD, in his capacity as director of the South Carolina Public Service Authority; J. CALHOUN LAND, IV, in his capacity as director of the South Carolina Public Service Authority; STEPHEN H. MUDGE, in his capacity as director of the South Carolina Public Service Authority; PEGGY H. PINNELL, in her capacity as director of the South Carolina Public Service Authority; DAN J. RAY, in his capacity as director of the South Carolina Public Service Authority; DAVID F. SINGLETON, in his capacity as director of the South Carolina Public Service Authority; JACK F. WOLFE, JR., in his capacity as director of the South Carolina Public Service Authority; CENTRAL ELECTRIC COOPERATIVE, INC.; PALMETTO ELECTRIC COOPERATIVE, INC.; SOUTH	)	**AND** **CROSSCLAIM AGAINST CERTAIN DEFENDANTS** **(Jury Trial Demanded)**

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CAROLINA ELECTRIC & GAS COMPANY; and SCANA CORPORATION,)
)
Defendants.)
)

TO: DANIEL A. SPEIGHTS, ESQUIRE, and A. GIBSON SOLOMONS, III, ESQUIRE, of SPEIGHTS & SOLOMONS; CLAYTON B. McCULLOUGH, ESQUIRE, and ROSS A. APPEL, ESQUIRE, of McCULLOUGH KHAN, LLC; and JAMES L. WARD, JR., ESQUIRE, and RANEE SAUNDERS, ESQUIRE, of McGOWAN, HOOD & FELDER, LLC, ATTORNEYS FOR PLAINTIFFS

Defendant Palmetto Electric Cooperative, Inc. ("Palmetto"), by and through its undersigned counsel, subject to and without waiving any applicable defenses and objections to Plaintiffs' Fourth Amended Class Action Complaint (the "Complaint"), including, without limitation, those to the jurisdiction of this Court, hereby answers and responds to the Complaint as follows:

1. Any and all allegations set forth in the Complaint not hereinafter admitted, qualified, or otherwise explained or denied, are hereby expressly denied and strict proof demanded thereof.

2. Palmetto admits the allegations set forth in Paragraph 1 of the Complaint only insofar as it is alleged that Plaintiff Jessica Cook is a resident of Hampton County and purchases power from Palmetto. With regard to any and all remaining allegations, Palmetto is without sufficient knowledge and information to respond to these allegations and therefore denies the same and demands strict proof thereof.

3. Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraphs 2, 3, 4, 5, 6, and 7 of the Complaint and therefore denies the same and demands strict proof thereof. Palmetto would further assert that such Plaintiffs are not

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members of Palmetto, and accordingly do not purchase power from Palmetto, and have no legal standing or other relationship or basis to pursue claims against Palmetto.

4. Upon information and belief, Palmetto admits the allegations set forth in Paragraph 8 of the Complaint

5. Upon information and belief, Palmetto admits the allegations set forth in Paragraph 9 of the Complaint.

6. Palmetto admits the allegations set forth in Paragraph 10 of the Complaint only insofar as it is alleged that Defendant Central Electric Power Cooperative, Inc. ("Central") is a South Carolina business operating out of Columbia, South Carolina. As to any and all remaining allegations, Palmetto is without sufficient knowledge and information to respond to these allegations and therefore denies the same and demands strict proof thereof.

7. Palmetto admits the allegations set forth in Paragraph 11 of the Complaint but would further assert that its primary place of business is in Jasper County.

8. Palmetto admits the allegations set forth in Paragraph 12 of the Complaint only insofar as it is alleged that Palmetto is an electric cooperative operating in South Carolina. As to the remaining allegations set forth therein, Palmetto is without sufficient knowledge and information to respond to these allegations and therefore they are denied and strict proof is demanded thereof.

9. Palmetto admits the allegations set forth in Paragraph 13 of the Complaint only insofar as it is alleged that Defendant South Carolina Electric & Gas Company ("SCE&G") is engaged in the business of generation of electric power. As to any and all remaining allegations, Palmetto is without sufficient knowledge and information to respond to these allegations and therefore they are denied and strict proof is demanded thereof.

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10. Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraph 14 of the Complaint and therefore denies the same and demands strict proof thereof.

11. The allegations set forth in Paragraph 15 of the Complaint are, in part, directed toward parties other than Palmetto and therefore require no response. To the extent a response is required from Palmetto, it admits the allegations only insofar it is alleged that it provides electric service to certain customers in a limited geographic area. Palmetto denies any and all remaining allegations and all those allegations inconsistent with the above limited admission.

12. The allegations set forth in Paragraph 16 of the Complaint are not factual in nature and therefore should require no response. To the extent a response is required, Palmetto denies the allegations and demands strict proof thereof.

13. The allegations set forth in Paragraph 17 of the Complaint are pure legal conclusions that require no response. To the extent a response is required, Palmetto denies the allegations as written.

14. Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraph 18 of the Complaint and therefore these allegations are denied and strict proof is demanded thereof.

15. The allegations set forth in Paragraph 19 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

16. Palmetto denies the allegations set forth in Paragraph 20 of the Complaint as written and would further assert that, of the named Plaintiffs, only Plaintiff Jessica Cook purchases power from Palmetto, the other named Plaintiffs do not purchase any power from Palmetto whatsoever.

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17. The allegations set forth in Paragraphs 21, 22, 23, 24, 25, 26, and 27 of the Complaint are directed toward parties other than Palmetto and should therefore require no response. To the extent a response is required, Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraphs 21, 22, 23, 24, 25, 26 and 27 of the Complaint and therefore these allegations are denied and strict proof is demanded thereof.]

18. Palmetto denies the allegations set forth in Paragraph 28 of the Complaint as written to the extent such allegations are directed toward it.

19. Palmetto denies the allegations set forth in Paragraph 29 of the Complaint to the extent such allegations are directed toward it.

20. The allegations set forth in Paragraphs 30, 31, 32, 33, and 34 of the Complaint are directed toward parties other than Palmetto and should therefore require no response. To the extent a response is required, Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraphs 30, 31, 32, 33, and 34 of the Complaint and therefore denies the same and demands strict proof thereof.]

21. The allegations set forth in Paragraph 35 of the Complaint, including all subparts, are, in large part, directed toward parties other than Palmetto and therefore should require no response. To the extent these allegations are directed toward Palmetto or assert or imply liability towards it, they are denied and strict proof is demanded thereof.

22. Palmetto denies the allegations set forth in Paragraph 36 of the Complaint.

23. Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraph 37 of the Complaint and therefore denies the same and demands strict proof thereof. To the extent these allegations call for legal conclusions, no response is required.

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24. Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraph 38 of the Complaint and therefore denies the same and demands strict proof thereof.

25. Palmetto admits the allegations set forth in Paragraph 39 of the Complaint only insofar as it is alleged that Palmetto purchases power from Central and it has representatives who serve on Central's Board of Directors. All remaining allegations set forth in Paragraph 39 of the Complaint are directed toward other parties than Palmetto and require no response.

26. Palmetto denies the allegations set forth in Paragraph 40 of the Complaint.

27. Palmetto admits the allegations set forth in Paragraph 41 of the Complaint only insofar as it is alleged that Palmetto is owned by its members and owes certain duties to such members. Any and all remaining allegations and all those allegations inconsistent with the above limited admission, including those intended to assert or imply liability as to Palmetto, are hereby denied and strict proof is demanded thereof.

28. The allegations set forth in Paragraphs 42, 43, 44, 45, and 46 of the Complaint are directed toward parties other than Palmetto and should therefore require no response. To the extent a response is required, Palmetto is without sufficient knowledge and information to respond to the allegations set forth in Paragraphs 42, 43, 44, 45, and 46 of the Complaint and therefore denies the same and demands strict proof thereof.

29. The allegations set forth in Paragraphs 47, 48, 49, 50, and 51 of the Complaint call for pure legal conclusions and therefore require no response.

30. The allegations set forth in Paragraphs 52, 53, 54, and 55 of the Complaint are directed toward parties other than Palmetto and should therefore require no response. To the extent a response is required, Palmetto is without sufficient knowledge and information to

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respond to the allegations set forth in Paragraphs 52, 53, 54, and 55 of the Complaint and therefore denies the same and demands strict proof thereof.

31. The allegations set forth in Paragraphs 56 of the Complaint are pure legal conclusions which should require no response. To the extent a response is required, Palmetto denies all allegations and demands strict proof thereof.

32. The allegations set forth in Paragraphs 57, 58, and 59 of the Complaint call for pure legal conclusions and therefore should require no response. To the extent a response is required, these allegations are denied and strict proof is demanded thereof.

33. The allegations set forth in Paragraphs 60, 61, 62, and 63 of the Complaint call for pure legal conclusions and therefore should require no response. To the extent a response is required, these allegations are denied and strict proof is demanded thereof.

34. Palmetto denies the allegations set forth in Paragraphs 64, 65, 66, 67, 68, 69, and 70 of the Complaint.

35. Palmetto is without sufficient knowledge and information to respond the allegations set forth in Paragraph 71 of the Complaint regarding alleged damages suffered by Plaintiffs and therefore Palmetto denies the same and demands strict proof thereof. Palmetto would further assert that it is not responsible for any alleged damages.

36. In answering the allegations set forth in Paragraph 72 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

37. The allegations set forth in Paragraphs 73, 74, and 75 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

38. In answering the allegations set forth in Paragraph 76 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

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39. The allegations set forth in Paragraphs 77, 78, 79, 80, and 81 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

40. In answering the allegations set forth in Paragraph 82 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

41. The allegations set forth in Paragraphs 83, 84, 85, 86, 87, 88, and 89 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

42. In answering the allegations set forth in Paragraph 90 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

43. The allegations set forth in Paragraphs 91, 92, 93, 94, 95, and 96 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

44. In answering the allegations set forth in Paragraph 97 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

45. The allegations set forth in Paragraphs 98, 99, 100, 101, 102, 103, and 104 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

46. In answering the allegations set forth in Paragraph 105 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

47. The allegations set forth in Paragraphs 106, 107, 108, 109, and 110 of the Complaint are directed toward parties other than Palmetto and therefore require no response.

48. In answering the allegations set forth in Paragraph 111 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

49. Palmetto denies the allegations set forth in Paragraph 112 of the Complaint as written.

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50. The allegations set forth in Paragraph 113 of the Complaint are directed toward parties other than Palmetto and therefore should require no response. To the extent a response is required, Palmetto is without sufficient knowledge and information to respond to such allegations and therefore denies the same and demands strict proof thereof.

51. Palmetto admits the allegations set forth in Paragraph 114 of the Complaint only insofar as it is alleged that Palmetto has a written contract with Central regarding the purchase of power. Palmetto denies that any contractual agreement, directly or indirectly, inured to its benefit. All remaining allegations are directed toward parties other than Palmetto and therefore require no response.

52. Palmetto denies the allegations set forth in Paragraph 115, 116, and 117 of the Complaint to the extent these allegations are directed toward it.

53. In answering the allegations set forth in Paragraph 118 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

54. Palmetto admits the allegations set forth in Paragraph 119 of the Complaint insofar as it is alleged that Palmetto owed a certain duty of care to its members. Palmetto denies the scope, breadth, and nature of the duties alleged by Plaintiffs.

55. Palmetto denies the allegations set forth in Paragraphs 120, 121, and 122 of the Complaint to the extent these allegations are directed toward it.

56. In answering the allegations set forth in Paragraph 123 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

57. The allegations set forth in Paragraph 124, 125, 126, 127, and 128 of the Complaint are directed toward parties other than Palmetto and therefore should require no response. To the extent a response is required, Palmetto is without sufficient knowledge and

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information to respond to such allegations and therefore denies the same and demands strict proof thereof.

58. In answering the allegations set forth in Paragraph 129 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

59. Palmetto denies the allegations set forth in Paragraphs 130, 131, 132, and 133 of the Complaint to the extent these allegations are directed toward it.

60. In answering the allegations set forth in Paragraph 134 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

61. Palmetto denies the allegations set forth in Paragraphs 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145 and 146 of the Complaint to the extent these allegations are directed toward it.

62. In answering the allegations set forth in Paragraph 147 of the Complaint, Palmetto would restate its answers set forth in the above paragraphs as if stated verbatim herein.

63. The allegations set forth in Paragraph 148 of the Complaint call for pure legal conclusions which require no response.

64. Palmetto denies the allegations set forth in Paragraphs 149 and 150 of the Complaint to the extent these allegations are directed toward it.

65. Palmetto denies the allegations set forth in Plaintiffs' prayer for relief, including all subparts.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Improper Venue)

66. Pursuant to Rule 12(b)(3), SCRCP, Palmetto asserts that venue is improper in this matter pursuant to S.C. Code Ann. § 15-7-30 and § 15-7-100.

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FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Failure to State a Claim/Standing)

67. Pursuant to Rule 12(b)(6), SCRCP, the Complaint should be dismissed, in its entirety or, alternatively, in part (i.e., as to Palmetto, all causes of action of all named Plaintiffs should be dismissed or, failing that, certain/all causes of action of certain/all named Plaintiffs should be dismissed), for failure to state facts sufficient to constitute a cause of action against Palmetto. Palmetto raises this defense as to all causes of action of all named Plaintiffs, and it expressly includes, but is not limited to, the following:

(a) but for Plaintiff Jessica Cook, the failure on the part of every other named Plaintiff, none of whom are members of/purchasers from Palmetto, to state facts to support the existence of any relationship between/among themselves, Palmetto, and their claimed damages sufficient to show that they have the requisite standing to sue Palmetto for their claimed damages under any cause of action or to somehow otherwise constitute any recognized cause of action for recovery of their claimed damages from/against Palmetto;

(b) the failure of all named Plaintiffs to state facts sufficient to constitute a cause of action against Palmetto for negligence, which failure includes, without limitation, the failure of all named Plaintiffs to state facts sufficient to show that Palmetto proximately caused any of Plaintiffs' claimed damages;

(c) the failure of all named Plaintiffs to state facts sufficient to show that Palmetto proximately caused any of Plaintiffs' claimed damages under any cause of action;

(d) the failure of all named Plaintiffs to state facts sufficient to constitute a cause of action against Palmetto for breach of contract, which failure includes, without limitation, the failure to either sufficiently allege the substance of the contract upon which Plaintiffs base their claim of breach or to set forth the terms of or attach the contract itself;

(e) the failure of all named Plaintiffs to state facts sufficient to constitute a cause of action against Palmetto for unjust enrichment/money had and received, which failure includes, without limitation, the failure to show that Palmetto realized and retained any benefit conferred upon it by any of

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the named Plaintiffs under circumstances making it unjust for Palmetto to retain the benefit without paying its value to Plaintiffs;

(f) the failure of all named Plaintiffs to state facts sufficient to constitute a cause of action against Palmetto for constructive trust, which failure includes, without limitation, the failure to state facts showing Palmetto's receipt of any monies from any of the named Plaintiffs besides Plaintiff Jessica Cook and, even as to Plaintiff Jessica Cook, the failure of this claim because of its inherent incompatibility with the fact that Palmetto is a member-owned electric cooperative and Cook is a member thereof; and

(g) the failure of all named Plaintiffs to state facts sufficient to constitute a cause of action against Palmetto for equity, which failure includes, without limitation, the fact that there is no such cause of action recognized under South Carolina law.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Intervening and Superseding Negligence)

68. Palmetto alleges that any injuries and damages sustained by Plaintiffs as alleged in the Complaint were due to and were caused and occasioned by the sole negligence, carelessness, recklessness, heedlessness, willfulness and wantonness of other parties over whom Palmetto had no supervision or control, and Palmetto does plead such sole negligence, carelessness, recklessness, heedlessness, willfulness and wantonness as the direct and proximate cause of the injuries and damages sustained by Plaintiffs as alleged in the Complaint.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Negligent Acts and Omissions of Others)

69. Plaintiffs' damages, if any, were solely the result of negligence, gross negligence, wanton and reckless conduct of other parties and/or entities for which Palmetto is not legally liable.

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FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Lack of Proximate Cause)

70. Any damages sustained by Plaintiffs, which damages are denied, were proximately caused and occasioned by the acts and omissions of Plaintiffs or others, said acts and omissions being the sole cause of Plaintiffs' alleged damages. Palmetto pleads the intervening acts and omissions of others as a complete bar to this action.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Waiver, Estoppel, Laches)

71. Plaintiffs' claims are barred, in whole or in part, by the doctrines of waiver, estoppel and/or laches.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Statute of Limitations and Statute of Repose)

72. Plaintiffs' claims are barred, in whole or in part, by the applicable statute of limitations and the applicable statute of repose.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Economic Loss Rule)

73. Palmetto would allege and show that some or all of Plaintiffs' claims are barred pursuant to the economic loss rule.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Payment and Release)

74. The Complaint is barred by payment and/or release.

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FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Unconstitutionality of Punitive Damages)

75. Plaintiffs' claim for punitive damages violates the Fifth, Sixth, Seventh, and Fourteenth Amendments of the Constitution of the United States and Article I of the Constitution of the State of South Carolina in the following particulars:

(a) Plaintiffs' claim for punitive damages violates the Fifth Amendment of the Constitution of the United States and Article I of the Constitution of the State of South Carolina for the following reasons:

(i) The double-jeopardy clause is violated because multiple awards of punitive damages can be imposed upon the defendant for the same act or omission, and because an award of punitive damages can be imposed upon the defendant, even though the defendant was convicted or acquitted of a factually related defense in an underlying criminal proceeding; and

(ii) The self-incrimination clause is violated because the defendant can be compelled to give testimony against itself;

(b) Plaintiffs' claim for punitive damages violates the Sixth and Fourteenth Amendments Fifth Amendment of the Constitution of the United States and Article I of the Constitution of the State of South Carolina because such damages may be imposed according to the lesser standard of proof applicable in civil cases, whereas punitive damages are a fine or penalty and are quasi-criminal in nature and, as such require the "beyond the reasonable doubt" standard of proof;

(c) Plaintiffs' claim for punitive damages violates the defendant's right to access to the courts guaranteed by the Seventh and Fourteenth Amendments of the Constitution of the United States because the threat of an award of unlimited punitive damages chills the defendant's exercise of that right;

(d) Plaintiffs' claim for punitive damages violates the due process and equal protection clauses of the Fourteenth Amendment of the Constitution of the United States and Article I of the Constitution of the State of South Carolina for the following reasons:

(iii) The standard or test for determining the requisite mental state of the defendant for imposition of punitive damages is void for vagueness;

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(iv) Insofar as punitive damages are not measured against actual injury to Plaintiffs and are left up to the discretion of the jury, there is no objective standard that limits the amount of such damages that may be awarded, and the amount of punitive damages that may be awarded is indeterminate at the time of the defendant's alleged egregious conduct;

(v) In cases involving more than one defendant, the evidence of the net worth of each is admissible, and the jury is permitted to award punitive damages in differing amounts based upon the affluence of a given defendant;

(vi) The tests or standards for the imposition of punitive damages differ from state to state, such that a specific act or omission of a given defendant may or may not result in the imposition of punitive damages, or may result in differing amounts of punitive damages, depending upon the state in which the suit is filed, such that the defendant is denied equal protection of law; and

(vii) Punitive damages may be imposed without a requisite showing of hatred, spite, ill will or wrongful motive.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Non-Economic Damages)

76. To the extent applicable, Palmetto pleads S.C. Code Ann. §§ 15-32-520 and -530 affirmatively to Plaintiff's allegations.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Failure to Join Indispensable Parties)

77. The Complaint is barred by Plaintiffs' failure to join as a party to this action a necessary and/or indispensable party or parties in whose absence complete relief cannot be accorded among those already parties, thereby subjecting Palmetto to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations.

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FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Dismissal for Failure to Join Parties)

78. The Complaint should be dismissed pursuant to Rule 12(b)(7), SCRCP, for failure to join a party under Rule 19, SCRCP.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Failure to Meet Elements of a Class Action)

79. Plaintiffs have failed to plead the necessary elements under Rule 23, SCRCP, for a class treatment for some or all of Plaintiffs' claims alleged in the Complaint; this includes, without limitation, failure on the part of all named Plaintiffs—including Plaintiff Jessica Cook, but especially all other named Plaintiffs, none of whom are members of/purchasers from Palmetto and none of whom have the requisite standing to sue Palmetto for their claimed damages under any cause of action or to somehow otherwise constitute any recognized cause of action for recovery of their claimed damages from/against Palmetto—to sufficiently plead the class action prerequisites of commonality, typicality, and adequacy of representation.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Limitations of Liability)

80. Some or all of Plaintiffs' claims are barred by applicable limitations of liability.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Reliance Upon Other Defendants' Defenses)

81. Further answering the Complaint, Palmetto hereby incorporates by reference, as if fully set forth herein, and reserves its right to rely upon, any and all defenses, affirmative and otherwise, raised, pleaded, or otherwise asserted by any and all other Defendants and Third-Party Defendants to this action or the other action(s) filed by Plaintiff and other claimants asserting

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claims or entitlement to the same relief, to the extent that such defenses are not inconsistent with Palmetto's position.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Reliance on Additional Defenses)

82. Palmetto hereby gives notice that it intends to rely upon such other affirmative defenses and specifically does not waive any and all defenses that may become available or apparent during the course of discovery, and thus reserves the right to amend its Answer to assert any such defenses.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Allocation Statute)

83. Palmetto would hereby further affirmatively raise S.C. Code Ann. § 15-38-15.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Set-Off)

84. Palmetto would hereby further affirmatively raise any and all equitable, statutory, or contractual right to set-off that may be applicable to any recovery by Plaintiffs in this matter.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Election of Remedies)

85. Palmetto would hereby further affirmatively raise the doctrine of election of remedies as a defense to Plaintiffs' claims in this matter.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Business Judgment Rule)

86. Palmetto would also assert the business judgment rule as an affirmative defense to Plaintiffs' claims.

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FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Contractual Defenses)

87. Palmetto further asserts all applicable contractual defenses pertaining to this matter, including, but not limited to, the express limitations on Palmetto's duties and Plaintiffs' right to recovery.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Condition Precedent)

88. Based on the discovery produced in this case, Plaintiffs' failure to satisfy some, or all, of the conditions precedent set forth in any binding agreements between the parties could limit or bar Plaintiffs' claims in this matter.

FURTHER ANSWERING AND FOR
A FURTHER AND AFFIRMATIVE DEFENSE
(Lack of Legal Duty)

89. Plaintiffs' claims should be dismissed, in whole or in part, because Palmetto lacks a legal duty, in either tort or contract, with regard to some or all of Plaintiffs' claims.

DEFENDANT PALMETTO ELECTRIC COOPERATIVE, INC.'S
CROSSCLAIMS AGAINST CERTAIN DEFENDANTS

90. Palmetto, on behalf of its members, respectfully asserts crossclaims against the following below-listed Defendants:

South Carolina Public Service Authority, an Agency of the State of South Carolina (also known as Santee Cooper), W. Leighton Lord, III, in his capacity as chairman and director of the South Carolina Public Service Authority; Barry Wynn, in his capacity as director of the South Carolina Public Service Authority; Kristofer Clark, in his capacity as director of the South Carolina Public Service Authority; Merrell W. Floyd, in his capacity as director of the South Carolina Public

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Service Authority; J. Calhoun Land, IV, in his capacity as director of the South Carolina Public Service Authority; Stephen H. Mudge, in his capacity as director of the South Carolina Public Service Authority; Peggy H. Pinnell, in her capacity as director of the South Carolina Public Service Authority; Dan J. Ray, in his capacity as director of the South Carolina Public Service Authority; David F. Singleton, in his capacity as director of the South Carolina Public Service Authority; Jack F. Wolfe, Jr. in his capacity as director of the South Carolina Public Service Authority; South Carolina Electric & Gas Company; and SCANA Corporation (hereinafter "crossclaim defendants").

BACKGROUND

91. Palmetto is a rural electric distribution cooperative operating under the laws of South Carolina.

92. Palmetto is owned by its members and is governed by a twelve (12) person board of directors elected by its members. Palmetto has the ability to bring these crossclaims on behalf of its members.

93. Palmetto is one of the twenty (20) distribution cooperatives in South Carolina.

94. Palmetto provides electricity to its members in Allendale, Beaufort, Hampton, and Jasper Counties.

95. Palmetto is the only distribution cooperative in South Carolina named as a defendant in any suit arising out of the abandonment of the V.C. Summer Nuclear Site (hereinafter "Project").

96. Palmetto has approximately 70,000 electric meters in service and has approximately 53,000 members.

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97. Palmetto buys all but a fraction of the electricity it supplies to its members from Central Electric Power Cooperative, Inc. (hereinafter "Central").

98. Central is a cooperative formed, owned, and managed by twenty (20) distribution cooperatives in South Carolina with its principal place of business in Columbia, South Carolina.

99. Defendant South Carolina Public Service Authority (hereinafter "Santee Cooper") is a state agency and public power utility created by the South Carolina General Assembly in 1934. Santee Cooper "is a corporation owned completely by the people of the State" for a "public purpose" and is operated "for the benefit of the all the people of the State." Santee Cooper has its principal place of business in South Carolina and is engaged in the business of, among other things, the direct sale and transmission of electric power to Central Electric Power Cooperative, Inc., which in turn sells power to the state's 20 distribution cooperatives, including Palmetto.

100. The Defendants W. Leighton Lord, III, William A. Finn, Barry Wynn, Kristofer Clark, Merrell W. Floyd, J. Calhoun Land, IV, Stephen H. Mudge, Peggy H. Pinnell, Dan J. Ray, David F. Singleton, and Jack F. Wolfe, Jr. are current and/or former members of the Santee Cooper board of directors involved in the decisions and conduct at issue in this case. (hereinafter "Board").

101. Defendant South Carolina Electric & Gas Company (hereinafter "SCE&G") is a wholly owned and controlled subsidiary of Defendant SCANA Corporation, has its principal place of business in South Carolina, and is engaged in the business of, among other things, the generation and sale of electric power. That the acts and/or omissions of SCE&G as set out herein were the direct acts/omissions of the Board of Directors of SCE&G.

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102. Defendant SCANA has its principal place of business in South Carolina and is engaged in the business of holding several utility assets, including SCE&G. SCANA controls the actions of SCE&G related to the Project. That the acts and/or omissions of SCANA as set out hereinbelow were the direct acts/omissions of the Board of Directors of SCANA.

103. Central buys most of the electricity it sells to the distributing cooperatives from Santee Cooper.

104. Central is charged approximately seventy (70%) percent of Santee Cooper's capital costs.

105. Palmetto has a contract with Central requiring Palmetto to purchase virtually all its electricity from Central. This contract does not expire until December 31, 2058.

106. Central has a Power System Coordination and Integration Agreement (Coordination Agreement) contract with Santee Cooper requiring Central to purchase the majority of its electricity from Santee Cooper. This contract does not expire until 2058.

107. Before 2007, SCANA, SCE&G, and Santee Cooper began discussions regarding the joint construction, operation, and ownership of two (2) new nuclear reactors to be built near Jenkinsville, S.C. The Project was known as the V.C. Summer Project Units 2 and 3.

108. Ultimately SCE&G and Santee Cooper entered into a contract(s) whereby, SCE&G would own and pay for fifty-five (55%) percent and Santee Cooper would own and pay for forty-five (45%) percent of the Project. SCANA is the parent company of SCE&G and has been involved in the Project since the outset.

109. Construction began, and billions of dollars were spent prior to July 2017, when SCE&G and Santee Cooper abandoned the Project prior to completion.

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110. Palmetto have been charged and continues to be charged as part of their monthly electric bill for Santee Cooper's portion of the construction cost of the Project.

111. Since the abandonment of the Project, Palmetto's members continue to be charged for the debt Santee Cooper has accumulated on the Project. Santee Cooper owes approximately four million ($4,000,000.00) dollars in debt on the abandoned Project.

112. Central is charged approximately seventy (70%) percent of Santee Cooper's capital costs.

113. The members of Palmetto purchase approximately ten (10%) percent of the electricity sold by Central to the distributing cooperatives. The cost of the abandoned Project is still being charged to Central by Santee Cooper. Central is in turn passing those continuing cost to Palmetto.

114. The abandonment of the Project by SCANA, SCE&G and Santee Cooper was the result of negligence, carelessness, recklessness, gross negligence, willful, wanton, mismanagement, and intentional conduct on the crossclaim defendants SCANA, SCE&G, and Santee Cooper.

115. As a direct and proximate result of the acts and/or omissions of SCANA, SCE&G and Santee Cooper Palmetto's members have paid and continue to pay for the Project which thus far has not and likely will not ever produce a kilowatt of electricity.

116. The crossclaim defendants knew that their actions and or omissions would directly impact Palmetto's members. This knowledge coupled with the combined acts and/or omissions of the crossclaim defendants has resulted in damages and continues to result in damages to Palmetto's members.

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117. The parties are subject to the jurisdiction of this Court and the Court has subject matter jurisdiction over the claims in this matter.

FOR A FIRST CROSSCLAIM
Against all crossclaim defendants
Negligence

118. Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

119. The crossclaim defendants owed/owe Palmetto's members certain duties related to the financing, design, and construction of the Project. These duties include, but are not limited to, the duty to act in good faith in the design, supervision, implementation, financing, construction, and completion of the Project as well as the collection of monies and setting of rates related to the Project.

120. The acts and/or omissions of the crossclaim defendants as set out herein were negligent, careless, reckless, willful, wanton, grossly negligent, and intentional in some and/or all of the following particulars to-wit:

a. In failing to follow the law and treat those who were paying for the Project pursuant to the rights granted to all citizens by the Constitution of South Carolina;

b. In failing to conduct themselves in a reasonable manner as prudent and responsible companies would with the responsibilities, knowledge and duties that each crossclaim defendant did or should have possessed;

c. In failing to be forthright, honest, and transparent, and act in good faith when disclosing information regarding the Project to both the public and to regulators;

d. In failing to fulfill their fiduciary duties to those paying for the Project, including Palmetto and its members;

e. In failing to exercise reasonable care when overseeing the construction of the Project;

f. In failing to follow and abide by all applicable regulations and statutes;

g. In failing to see that the Project was managed and overseen in a reasonable manner;

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h. In failing to supervise and ensure that monies collected for the Project were not being squandered through poor construction practices or unreasonable activities;

i. In failing to employ proper care in preventing and/or mitigating waste and loss;

j. In failing to hire, train, and maintain competent staff, employees, contractors, and consultants so as to ensure that the Project would not fail;

k. In failing to warn those who were paying for the Project that they were paying for a Project that would never produce electric power.

121. As a result of the negligence, carelessness, recklessness, and gross negligent conduct, Palmetto's members suffered and continue to suffer the damages complained of herein and should recover actual and punitive damages.

FOR A SECOND CROSSCLAIM
Against all crossclaim defendants
Unjust Enrichment

122. That Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

123. Palmetto was/is bound by contract to purchase electric power from Central. Central in turn is bound by contracts to purchase electric power from Santee Cooper.

124. Palmetto's members were not free to purchase electric power from other sources.

125. SCANA, SCE&G, and Santee Cooper had contracts each with the other related to the design, finance, and construction of the Project. Each had knowledge of their respective businesses and the entities and members to whom they provided electricity.

126. At the specific request of SCANA, SCE&G, and Santee Cooper, and based on representations made by these crossclaim defendants, Palmetto, as did other distribution cooperatives in South Carolina, supported the idea of additional nuclear generation capacity in South Carolina.

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127. In exchange for paying a portion of the cost to build the Project, Palmetto members were promised by the crossclaim defendants abundant, safe, and reliable electric energy from the Project.

128. Palmetto's members paid, and are under obligation to continue paying, for the Project which will not ever produce a kilowatt of electricity. These monies are a benefit conferred by Palmetto's members on the crossclaim defendants.

129. During the course of the construction of the Project and prior to the abandonment of the Project, the crossclaim defendants made profits and margins. They received other direct and indirect financial benefits.

130. In light of the abandonment of the Project, it would be unjust to allow the defendants to retain these enrichments at the expense of Palmetto and its members.

131. Palmetto's members should be allowed to recover from these crossclaim defendants costs paid by Palmetto's members on this abandoned Project from the unjust enrichment and ill-gotten gains of the crossclaim defendants.

FOR A THIRD CROSSCLAIM
Unconstitutional Taking Under the South Carolina Constitution against Santee Cooper

132. That Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

133. Article I, Section 13(A) of the South Carolina Constitution prohibits state agencies like Santee Cooper, from taking private property without just compensation and without providing "public use."

134. Article I, Section 13(A) of the South Carolina Constitution further provides under no circumstances may private property ever be taken by the government for private use or economic development purposes without the owner's consent.

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135. Money is private property for the purposes of a takings analysis.

136. Santee Cooper charged Central, who in turn charged Palmetto, for costs associated with the now abandoned Project.

137. These funds have never and will never provide any public use, service, or commodity for the benefit of customers due to the abandonment. The costs paid by Palmetto are not taxes, fees, or special assessments.

138. Palmetto's members were forced to pay these unlawful, increased costs or risk the loss of electricity, which is a necessary feature of modern life, heath, and sanitation.

139. The increased costs for the voluntarily abandoned Project constitute unconstitutional takings because they violate the just compensation and public use requirements under the South Carolina Constitution.

140. Moreover, the Project would not have moved forward without the participation of and financial commitments by Santee Cooper. Despite the Project's abandonment and utter failure, SCANA's and SCE&G's shareholders have reaped and will continue to reap substantial private profits. Had Santee Cooper not been involved in the Project, these private profits would not have been captured by SCANA's and SCE&G's shareholders. Simply put, Santee Cooper's involvement in the Project, specifically the funds collected from its customers, enabled and facilitated massive private profit for SCANA and SCE&G and a total loss for its own customers. As such, Santee Cooper's charges for cost associated with the abandoned Project amount to the taking of private property, without consent, for private benefit in violation of the South Carolina Constitution.

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141. Given the foregoing, Palmetto's members are entitled to the return of its share of monies collected and spent by Santee Cooper in violation of the South Carolina Constitution plus reasonable attorneys' fees and costs.

FOR A FOURTH CROSSCLAIM
Against Santee Cooper
Declaratory Judgment – Breach of Statutory Duties

142. That Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

143. That Palmetto seeks a declaration of Santee Cooper's statutory authority under South Carolina law, and enforcement of that authority as declared by the Court. This case presents a justiciable controversy, and Palmetto's members are entitled to have determined questions of construction arising under the statues at issue and to obtain a declaration of rights, status, or other legal relations thereunder in accordance with the Uniform Declaratory Judgment Act, S.C. Code Ann. §§ 15-53-10 through 15-53-140.

144. Because Santee Cooper is a creature of statute, Santee Cooper's powers are enumerated and limited by statute.

145. S.C. Code Ann. § 58-31-30 subsection (A)(7) and A(13) expressly impose the "used and useful" test on Santee Cooper's ability to include costs for facilities in rates charged to its customers. Accordingly, while Santee Cooper has statutory authority to build and maintain facilities for the manufacture, distribution, purchase, and sale of power, and has authority to impose charges for the use of those facilities, Santee Cooper has no authority to collect charges for facilities that are *not* used or useful, for services that are *not* rendered, or for commodities that are *not* furnished.

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146. By abandoning the Project, those facilities will not be used and useful, and Santee Cooper will not render any services or furnish any commodities in connection with those facilities.

147. Santee Cooper has exceeded its statutory authority and violated South Carolina law by imposing and collecting charges related to the Project.

148. As a creature of statute, Santee Cooper has only those rights granted by statute, and its charges to Central, for the abandoned Project is *ultra vires* and unlawful and directly impacts Palmetto's members.

149. At all times relevant to this Cross-Claim, S.C. Code Ann. §58-31-55 required Santee Cooper to provide generation, transmission, and distribution services to its wholesale and retail customers "at just and reasonable rates."

150. Under settled rate-making principles applicable to Santee Cooper, it may not recover from ratepayers the costs associated with facilities that are not used and useful and/or that have been abandoned before completion.

151. It is unjust and unreasonable, and a violation of its statutory duties, for Santee Cooper to impose on those who pay for its operation rates that include costs associated with the Project.

152. Palmetto is entitled to a declaration that Santee Cooper has exceeded its statutory authority and violated South Carolina law by imposing and collecting rates that include costs associated with the Project.

153. Even if Santee Cooper were not required to exclude from rates all cost associated with the abandoned Project, a substantial portion of such costs, in an amount to be determined at

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trial, should be excluded because inclusion of such costs in the rates to ratepayers would not be just or reasonable.

154. Palmetto is entitled to a declaration that Santee Cooper has exceeded its statutory authority and violated South Carolina law by imposing and collecting unjust and unreasonable rates related to the Project.

FOR A FIFTH CROSSCLAIM
Against Directors of Santee Cooper
Breach of Statutory Duties by Directors of Santee Cooper

155. That Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

156. This crossclaim is brought against the Directors of the Public Service Authority (Santee Cooper) solely in their official capacities as directors.

157. Palmetto is an electric cooperative that is an indirect customer of Santee Cooper by virtue of its relationship with Central, a wholesale customer of Santee Cooper. Palmetto has standing to bring this claim under S.C. Code Ann. §58-31-57.

158. At all times relevant to this crossclaim, S.C. Code Ann. §58-31-55 required the Directors to ensure that Santee Cooper provide generation, transmission, and distribution services to its wholesale and retail customers "at just and reasonable rates."

159. The inclusion of costs associated with the Project in rates charged to Central is not just and reasonable. These same charges were ultimately passed down from Central to the distribution cooperatives, including Palmetto's members of which the Directors had knowledge.

160. Palmetto's members are entitled to a declaration that the imposition and collection of rates that include costs associated with the Project and the abandoned V.C. Summer Units 2

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and 3 does not comport with S.C. Code Ann. §58-31-55 and, monies paid by Palmetto's members should be refunded plus reasonable attorney's fees and costs.

161. In the alternative, Palmetto's members are entitled to a declaration that, even if all costs associated with the abandoned units were not required to be excluded from Santee Cooper's rates, a substantial portion of such costs, in an amount to be determined at trial, should be excluded because they are not just and reasonable.

162. Central and Palmetto are entitled to such further relief, including equitable relief under S.C. Code Ann. §58-31-57, as is necessary or appropriate to prevent Santee Cooper from imposing any future charges related to the Project or Units 2 and 3, including attorney's fees and costs.

FOR A SIXTH CROSSCLAIM
Against all crossclaim defendants
Equity

163. That Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

164. The Courts of South Carolina have equity jurisdiction. "Courts have the inherent power to do all things reasonably necessary to ensure that just results are reached to the fullest extent possible." *Regions Bank v. Wingard Props., Inc.*, 394 S.C. 241, 252, 715 S.E.2d 348, 354 (Ct. App. 2011).

165. The Project was ill conceived, ill planned, ill designed, ill constructed, and abandoned prior to completion. The abandonment was the result of negligence, intentional misconduct, waste, and lack of attention to detail by the crossclaim defendants.

166. Palmetto and its members are free of any fault related to the Project.

167. The court should use its equity powers to reach a just result that places Palmetto's members in the same position they would be in but for the actions of the crossclaim defendants.

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FOR A SEVENTH CROSSCLAIM
Against Santee Cooper
Constructive Trust – Toshiba Payment and Citibank Payment

168. That Palmetto incorporates all paragraphs above as if fully repeated hereinbelow.

169. When it became apparent Westinghouse could not fulfill its obligations regarding the Project, Santee Cooper and SCE&G pursued claims against Toshiba Corp. (hereinafter Toshiba), the parent entity of Westinghouse.

170. Santee Cooper and SCE&G entered an arrangement with Toshiba whereby Toshiba agreed to pay a total sum of $2.168 billion (hereinafter Toshiba Payment) over a fixed period.

171. Santee Cooper and SCE&G split the monetary guarantee from Toshiba according to their respective percentages of ownership, with Santee Cooper to receive 45 percent ($976 million) and SCE&G to receive 55 percent ($1.19 billion).

172. Santee Cooper subsequently entered an arrangement with Citibank to sell its rights to the Toshiba Payment stream for a discounted lump sum cash payment in the amount of $831.2 million (hereinafter Citibank Payment), which payment has been paid to Santee Cooper by Citibank.

173. Santee Cooper's acts and omission with respect to the financing, design, and construction of the Project as set forth in these crossclaims and the circumstances surrounding the abandonment of the Project render it inequitable for Santee Cooper to retain the Citibank Payment. The Citibank payment does not equitably belong to Santee Cooper and it should not in good conscience retain the payment from its direct and indirect customers who are entitled to it because they paid money to Santee Cooper by a breach of trust or violation of a fiduciary duty.

174. The Citibank Payment should be held in constructive trust to be allocated to Santee Cooper's direct and indirect customers, including Palmetto, in an amount proportional to the percentage of Santee Cooper's capital costs borne by such customers.

175. This Court should impose a constructive trust on the Citibank Payment and order Santee Cooper to pay to Palmetto its share of the discounted lump sum payment received by Santee Cooper from Citibank.

WHEREFORE having answered the Complaint and lodged crossclaims, Palmetto prays that the claim against it be dismissed with prejudice, that it be awarded the costs and reasonable fees associated with this matter, that it be granted judgment on its crossclaims, and that the Court order additional such relief as it deems just and proper.

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Respectfully Submitted,

YOUNG CLEMENT RIVERS, LLP

By: *s/ D. Jay Davis, Jr.*

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Charleston, South Carolina
Dated: June 11, 2018

Exhibit I

Motion for Leave to File Amicus

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STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
COUNTY OF HAMPTON)

Jessica S. Cook, Corrin F. Bowers & Son, Cyril B. Rush, Jr., Bobby Bostick, Kyle Cook, Donna Jenkins, Chris Kolbe, and Ruth Ann Keffer, on behalf of themselves and all others similarly situated,

Plaintiffs,

v.

South Carolina Public Service Authority an Agency of the State of South Carolina (also known as Santee Cooper); W. Leighton Lord, III, in his capacity as chairman and director of the South Carolina Public Service Authority; William A. Finn, in his capacity as director of the South Carolina Public Service Authority; Barry Wynn, in his capacity as director of the South Carolina Public Service Authority; director of the South Carolina Public Service Authority; Merrell W. Floyd, in his capacity as director of the South Carolina Public Service Authority; J. Calhoun Land, IV, in his capacity as director of the South Carolina Public Service Authority; Stephen H. Mudge, in his capacity as director of the South Carolina Public Service Authority; Peggy H. Pinnell, in her capacity as director of the South Carolina Public Service Authority; Dan J. Ray, in his capacity as director of the South Carolina Public Service Authority; David F. Singleton, in his capacity as director of the South Carolina Public Service Authority; and Jack F. Wolfe, Jr., in his capacity as director of the South Carolina Public Service Authority; Central Electric Cooperative, Inc.; South Carolina Electric & Gas Company; and SCANA Corporation,

Defendants.

C/A No. 2017-CP-25-00348

MOTION OF STATE OF SOUTH CAROLINA, EX REL ALAN WILSON, ATTORNEY GENERAL FOR LEAVE TO FILE AMICUS BRIEF IN OPPOSITION TO MOTIONS TO COMPEL ARBITRATION

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The State of South Carolina ex rel Alan Wilson, Attorney General moves for leave to file an amicus brief in opposition to the Motions to Compel Arbitration. The Attorney General believes that holding arbitration proceedings regarding the V.C. Summer nuclear reactors that had been under construction would be contrary to the public interest and in this instance, the provisions of the South Carolina Constitution, making our courts open forums. The proceedings should be open to the public and media in this Court rather than closed in arbitration.

Although the Rules of Civil Procedure do not set forth a procedure for filing an amicus brief, the Rules of Appellate Procedure do so and provide guidance here. Rule 213, SCACR, states that an amicus brief may only be filed with leave of the appellate court or at the request of the court. The Rule provides that the brief may be conditionally filed with the motion for leave to file.

Rule 213 provides that a motion for leave shall identify the interest of the applicant and shall state the reasons a brief of an amicus is desirable. This motion meets those standards. The State of South Carolina is not a party to the instant case, but the State is a defendant in the suit Lightsey and Cleckley v. South Carolina Electric and Gas Co., 2017-CP-25-335, which is also pending before this Court in Hampton County and addresses issues surrounding the V.C. Summer nuclear plant reactors. The State ex rel Attorney General has also intervened in proceedings related to the reactors pending before the Public Service Commission. Docket No's 2017-305-E and 2017-370-E. Although constitutionality is not at issue in the instant case, the Attorney General has asserted in Cleckley and in PSA case 2017-305-E that the Base Load Review Act is unconstitutional as applied, and he wrote an Opinion on that issue. *Opinions Attorney General*, September 26, 2017. This Court may take judicial notice that the public has a strong interest in rates and other issues related to the reactors. Therefore, the State has high degree of interest in ensuring that the public has access to information about these proceedings.

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The Attorney General supports that interest.

The Attorney General " . . . has broad statutory and common law authority in his capacity as the chief legal officer of the State . . . . " *(Ex Parte, Charlie Condon, In re: Littlejohn v. State*, 354 S.C. 634, 583 S.E.2d 430, 434 (2003)[1]; *see also, Condon v. Hodges*, 349 S.C. 232, 562 S.E. 2d 623 (2002); *State ex rel Daniel v. Broad River Power Co.*, 157 S.C. 1, 562 S. E. 623 (2002). *Condon v. Hodges* cited *Porcher v. Cappelmann*, 187 S.C. 491, 198 S.E. 8 (1938) for the proposition that the "Attorney General represents sovereign power and general public." 562 S.E.2d at 627. Therefore, the Attorney General may advocate for the State and the public that this proceeding be conducted in an open forum rather than in an arbitration proceeding closed to the public and the media.

"Judicial proceedings and court records are presumptively open to the public under the common law, the First Amendment of the federal constitution, and the state constitution. S.C. Const. art. I § 9 ("[a]ll courts shall be public"); *Davis*, 304 S.C. at 505, 405 S.E.2d at 603; *Nixon*, 435 U.S. at 597–98; *Virginia Dept. of State Police v. Washington Post,* 386 F.3d 567, 575 (4th Cir.2004); *Anderson v. Cryovac, Inc.*, 805 F.2d 1, 13 (1st Cir.1986)." *Ex parte Capital U-Drive-It, Inc.*, 369 S.C. 1, 10, 630 S.E.2d 464, 469 (2006). The Supreme Court interprets art. I §9 of our Constitution "to mean that the public, and likewise the press, has a right of access to court proceedings subject to a balancing of interests with the parties involved." *Ex parte Columbia Newspapers, Inc.*, 286 S.C. 116, 118, 333 S.E.2d 337, 338 (1985).

As South Carolina's Constitution makes clear, legal proceedings such as this case should be conducted in open court, not in secret. A State agency, such as Santee Cooper, should certainly litigate cases in public view. This case, in particular, is far too important to be

[1] In *Littlejohn*, the Attorney General sought to appeal a decision regarding attorneys' fees that no other party was appealing. The Court ruled that the Attorney General must move to intervene and become a named party before appealing. In the instant case, the Attorney General seeks only to file an amicus brief.

conducted behind closed doors away from public scrutiny.

Thus, we believe that the public has a right of access to proceedings in this case under our Constitution, and that arbitration should be denied here for this reason. Transparency, in open court, is essential. We will further support this position by a memorandum to be filed before the hearing concerning the Motions to Compel Arbitration with the condition that the Court accept it under this Motion for Leave to File.

For the foregoing reasons, the State ex rel Wilson respectfully requests that this Court grant it leave to file an amicus memorandum in opposition to the motions to compel arbitration.

.

Respectfully submitted,

/s J. EMORY SMITH, JR.
S.C. Bar No. 5262
Deputy Solicitor General

ALAN WILSON
Attorney General

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ATTORNEY GENERAL

June 8, 2018

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Rule 11, SCRCP, affirmation:

Undersigned counsel confirms that he has communicated with counsel for the other parties that he planned to file a motion for leave to file an amicus brief in opposition to the Motions to Compel arbitration. Counsel for Plaintiffs, Santee Cooper, SCE&G, Palmetto Electric and Central Electric have responded that they do not object to the motion for leave to file an amicus. To the extent that other defendants are separately represented, he has not received responses from their attorneys.

/s J. EMORY SMITH, JR.
S.C. Bar No. 5262

June 8, 2018

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JUN 25 2018

S.C. SUPREME COURT

THE STATE OF SOUTH CAROLINA
In The Supreme Court

IN THE ORIGINAL JURISDICTION OF THE SUPREME COURT

South Carolina Public Service Authority, ... Petitioner,

v.

Central Electric Power Cooperative, Inc.; Palmetto Electric Cooperative, Inc.; Jessica S. Cook; Corrin F. Bowers & Son; Cyril B. Rush, Jr.; Bobby Bostick; Kyle Cook; Donna Jenkins; Chris Kolbe; and Ruth Ann Keffer, ... Respondents.

PROOF OF SERVICE

I, the undersigned Administrative Assistant of the law offices of Nelson Mullins Riley & Scarborough LLP, attorneys for Respondents, do hereby certify that I have served all parties in this action with a copy of the pleading(s) hereinbelow specified by mailing copies via certified mail to the following address(es):

Pleadings: Notice of Petition for Original Jurisdiction
Petition for Original Jurisdiction
Complaint

Parties Served:

Central Electric Power Cooperative, Inc. c/o John H. Tiencken, Jr. as Registered Agent 234 Seven Farms Drive, Suite 114 Daniel Island, SC 29492	Palmetto Electric Cooperative c/o A. Berl Davis President and Chief Executive Officer 1 Cooperative Way Hardeeville, SC 29927
Jessica S. Cook 178 Levern Road Hampton, SC 29924	Corrin F. Bowers & Son c/o Corrin F. Bowers Jr., as Registered Agent 292 Orchard Road Luray, SC 29932

Cyril B. Rush, Jr. The Rush Law Firm 1517 Blanding Street Columbia, SC 29201	Bobby Bostick Click Communication Arts The Schoolhouse 720 Magnolia Road, Suite 21 Charleston, SC 29407
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Chris Kolbe 611 36th Avenue N Apt. 1 Myrtle Beach, SC 29577	Ruth Ann Keffer 4708 Cobblestone Drive Apt. 11 Myrtle Beach, SC 29577

Jessica Trautman

Jessica Trautman
Administrative Assistant

June 25, 2018