

things, engage in: (i) External issuances by SCANA of common stock, long-term debt, short-term debt, and other securities for cash; (ii) the entering into by SCANA of transactions to manage interest rate risk ("hedging transactions"); (iii) issuances of debt securities (including commercial paper) and the entering into of hedging transactions by the Utility Subsidiaries; (iv) issuances by Nonutility Subsidiaries of debt securities which are not exempt under rule 52 of the Act; (v) the establishment of a utility money pool (the "Utility Money Pool") and a nonutility money pool (the "Nonutility Money Pool"); (vi) the issuance of intrasystem guarantees by SCANA and the Nonutility Subsidiaries on behalf of Subsidiaries; (vii) the ability of wholly-owned Subsidiaries to alter their capital stock in order to engage in financing transactions with their parent company and to engage in a reverse stock split to reduce franchise taxes, subject, in the case of Utility Subsidiaries, to the approval of, if required, the applicable state commission; (viii) the ability of PSNC to pay dividends out of capital or unearned surplus; (ix) the formation of financing entities and the issuance by such entities of securities otherwise authorized to be issued and sold under the Financing Orders; and (x) the ability of SCANA to keep outstanding advances in favor of certain of its Subsidiaries in an amount of approximately \$600 million following the acquisition of PSNC and, indirectly, of PSNC's subsidiaries ("Merger").⁵

Further, by order dated June 9, 2000 ("Plan Order"),⁶ the Commission authorized SCANA to: (i) Grant awards of stock options, stock appreciation rights, restricted stock, performance shares and performance units under its long-term equity compensation plan, (ii) issue under such plan up to five million shares of its common stock through June 8, 2003, and (iii) solicit proxies with respect to such plan at SCANA's 2000 annual meeting of shareholders. Applicants state that the authority sought in the Application will replace and substitute for all the authority granted by the Financing Orders with respect to financing activities and will also replace and substitute for the authority granted by the Plan Order with respect to issuance of shares of common stock for benefit plans described in the Application.

Specifically, Applicants seek authority for the transactions discussed below and request authority to engage in

the transactions in the Application during the period from the effective date of the order in this proceeding through the Authorization Period. Also, Applicants state that the proceeds from the sale of securities in external financing transactions will be used for general corporate purposes including: (i) The financing, in part, of the capital expenditures of the SCANA system; (ii) the financing of working capital requirements of the SCANA system; (iii) the acquisition, retirement or redemption under rule 42 of securities previously issued by SCANA or its Subsidiaries or as otherwise authorized by the Commission; (iv) direct or indirect investment in companies authorized under the Act or by Commission rule (including exempt wholesale generators ("EWGs") or foreign utility companies ("FUCOs") or in a separate proceeding; and (v) other lawful purposes. Applicants represent that no such financing proceeds will be used to acquire a new subsidiary unless such financing is consummated in accordance with an order of the Commission or an available exemption under the Act. The aggregate amount of proceeds of financings and guarantees used to fund investments in EWGs and FUCOs will not, when added to SCANA's "aggregate investment" in these entities at any point in time, exceed 50% of SCANA's "consolidated retained earnings" as defined in rule 53(a)(1).

III. SCANA External Financing

SCANA requests authority to obtain funds externally through sales of common stock, preferred stock, preferred and equity-linked securities, long-term debt and short-term debt securities. With respect to common stock, SCANA also requests authority to issue common stock to third parties in consideration for the acquisition by SCANA or a Nonutility Subsidiary of equity or debt securities of a company being acquired under an exemption under the Act or under Commission authority. In addition, SCANA seeks the flexibility to enter into certain hedging transactions to manage interest rate risk.

A. Common Stock

Applicants propose that the aggregate amount of financing obtained by SCANA during the Authorization Period from issuance and sale of common stock, no par value (other than for employee benefit plans or stock purchase and dividend reinvestment plans), when combined with issuances of preferred stock, preferred and equity-linked securities and long-term debt, as described in this section, and other than

for refunding or replacement of securities where capitalization is not increased as a result thereof, shall not exceed \$2.2 billion for the uses outlined in Part II, above.⁷

SCANA requests authority to sell common stock covered by the Application in any one of the following ways: (i) Through underwriters or dealers; (ii) through agents; (iii) directly to a limited number of purchasers or a single purchaser; or (iv) directly to employees (or to trusts established for their benefit), shareholders and others. Issuances of common stock under SCANA's employee benefit plans and stock purchase and dividend reinvestment plans will not count towards this limitation. If underwriters are used in the sale of the securities, such securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be offered to the public either through underwriting syndicates (which may be represented by a managing underwriter or underwriters designated by SCANA) or directly by one or more underwriters acting alone. The securities may be sold directly by SCANA or through agents designated by SCANA from time to time. If dealers are utilized in the sale of any of the securities, SCANA will sell such securities to the dealers as principals. Any dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. If common stock is being sold in an underwritten offering, SCANA may grant the underwriters a "green shoe" option permitting the purchase from SCANA at the same price of additional shares then being offered solely for the purpose of covering over-allotments.

Public distributions may be under private negotiation with underwriters, dealers or agents as discussed above or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All such common stock sales will be with terms and conditions, at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

⁷ Applicants state that this request represents a decrease of \$250 million from the authority granted in the Financing Orders reflecting lower anticipated capital requirements for SCANA.

⁵ See Holding Co. Act Release No. 27133 (February 9, 2000) ("Merger Order").

⁶ See Holding Co. Act Release No. 27183.