

previously issued. This request represents an increase of \$295 million over the authority granted in the Financing Orders, reflecting increased business activity and additional requirements of SCANA's counterparties. SCANA may charge each Subsidiary a fee for each Guarantee provided on its behalf that is not more than that obtainable by the beneficiary of the Guarantee from third parties. Any Guarantees outstanding at the end of the Authorization Period will continue until expiration or termination in accordance with their terms.

Applicants also request authority for the Nonutility Subsidiaries to enter into guarantees, obtain letters of credit, enter into expense agreements and otherwise provide credit support with respect to other Nonutility Subsidiaries, in an aggregate principal amount not to exceed \$250 million outstanding at any one time, in addition to guarantees that are exempt under rule 52. The Nonutility Subsidiary providing any such credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as specified above for SCANA's Guarantees.

Furthermore, Applicants request authority for the Utility Subsidiaries to enter into guarantees, obtain letters of credit, enter into expense agreements and otherwise provide credit support with respect to their direct and indirect subsidiaries, in an aggregate principal amount not to exceed \$250 million outstanding at any one time in addition to guarantees that are exempt under rule 52. The Utility Subsidiary providing any such credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as specified above.

Applicants state that certain Guarantees may be in support of the obligations of Subsidiaries which are subject to varying quantification. In such cases, SCANA would determine the exposure under such Guarantee for purposes of measuring compliance with the Guarantee Limitation by appropriate means, including estimation of exposure based on loss experience or projected potential payment amounts. If appropriate, such estimates will be made in accordance with Generally Accepted Accounting Principles ("GAAP"). Such estimation would be reevaluated periodically.

SCANA also requests authority to keep in place advances to its Subsidiaries in an aggregate amount outstanding at any one time of up to \$1.25 million. The interest rate used is

the weighted average rate on SCANA's long-term and short-term debt. Such outstanding advances by SCANA to its Subsidiaries are open advances with no maturities and are callable by SCANA at any time.

#### *B. Authorization and Operation of the Money Pools*

SCANA and the Utility Subsidiaries request authority, through the Authorization Period, to continue the Utility Money Pool established under the authority granted in the Financing Orders, and the Utility Subsidiaries, to the extent not exempted by rule 52, also request authority to continue to make, from time to time, unsecured short-term borrowings from the Utility Money Pool and to contribute surplus funds to the Utility Money Pool and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool. In addition to the Utility Subsidiaries, SCANA requests that Fuel Company be allowed to continue participating in the Utility Money Pool as a result of its financing relationship with SCE&G. For purposes of discussing the Utility Money Pool, the term Utility Subsidiaries shall include Fuel Company.

In addition, SCANA and the Nonutility Subsidiaries (other than Fuel Company),<sup>8</sup> request authority to continue the Nonutility Money Pool. Funds made available by SCANA for loans through the money pools are made available first for loans through the Utility Money Pool (to the extent being operated) and thereafter for loans through the Nonutility Money Pool.

SCANA requests authority to contribute surplus funds and to lend and extend credit to (a) the Utility Subsidiaries through the Utility Money Pool and (b) the Nonutility Subsidiaries through the Nonutility Money Pool.

Applicants believe that the cost of the proposed borrowings through the two Money Pools will continue to generally be more favorable to the borrowing participants than the comparable cost of external short-term borrowings, and the yield to the participants contributing available funds to the two Money Pools will generally be higher than the typical yield on short-term investments.

According to Applicants, the Utility Money Pool is currently not operated. A

separate Nonutility Money Pool is in existence amongst SCANA and certain Nonutility Subsidiaries. Each of the Nonutility Subsidiaries (other than Fuel Company) that is an Applicant requests authority to participate in the Nonutility Money Pool. The Nonutility Money Pool is operated on the same terms and conditions as set forth for the Utility Money Pool, except that SCANA funds made available to the Money Pools will be made available to the Utility Money Pool first (to the extent it is operated) and thereafter to the Nonutility Money Pool. No loans through the Nonutility Money Pool are made to, and no borrowings through the Nonutility Money Pool are made by, SCANA. Fuel Company does not participate in the Nonutility Money Pool as it is anticipated to participate in the Utility Money Pool.

SCANA and the Utility Subsidiaries may contribute funds from the issuance of short-term debt as authorized above to the Utility Money Pool. SCANA and the Nonutility Subsidiaries may contribute funds from the issuance of short-term debt to the Nonutility Money Pool.

SCANA Services under the authority of the appropriate officers of the participating companies will continue to handle the operation of the Utility and Nonutility Money Pools, including record keeping and coordination of loans. SCANA Services administers the Utility and Nonutility Money Pools on an "at cost" basis and maintains separate records for each money pool. Surplus funds of the Utility Money Pool and the Nonutility Money Pool may be combined in common short-term investments, but separate records of such funds are maintained by SCANA Services as administrator of the pools, and interest thereon is separately allocated, on a daily basis, to each money pool in accordance with the proportion that the amount of each money pool's surplus funds bears to the total amount of surplus funds available for investment from both money pools.

Proceeds of borrowings from the money pools may be used for the purposes set forth in the Financing Parameters. SCE&G, PSNC and GENCO may borrow up to \$60 million, \$30 million, and \$50 million, respectively, at any one time outstanding from the Utility Money Pool. Each of these amounts is twice the amount of the authority granted in the Financing Orders. Applicants state that borrowings by Fuel Company under the Utility Money Pool are exempt under rule 52 under the Act and that borrowings under the Utility Money Pool are in addition to the authority for other

<sup>8</sup> *I.e.*, South Carolina Pipeline Corporation; SCG Pipeline, Inc.; SCANA Energy Marketing, Inc.; SCANA Energy Trading, LLC; SCANA Public Service Company, LLC; SCANA Communications, Inc.; ServiceCare, Inc.; Primesouth, Inc.; Palmark, Inc.; SCANA Resources, Inc.; SCANA Development Corporation; SCANA Petroleum Resources, Inc.; SCANA Services, Inc.; PSNC Blue Ridge Corporation; PSNC Cardinal Pipeline Company; and Clean Energy Enterprises Inc.