

ATTACHMENT L

Creditworthiness Procedures

SCE&G shall apply, on a non-discriminatory basis, consistent creditworthiness standards to determine the acceptability of Customer's overall financial condition. Those standards shall guide SCE&G's credit qualification process for all Customers that apply for services from SCE&G, with such standards comprising: (i) criteria applied in determining creditworthiness; (ii) collateral requirements; and (iii) suspension and termination of service standards. For credit qualification purposes, prior to a Customer receiving service, there must be a completed Application and an established credit limit with SCE&G.

- (1) Determination.
 - (A) Provision of Information. Each Customer must submit with its Application the following information, where such information is applicable to Customer:
 - (i) Audited Financial Statements. Each Customer shall submit audited or otherwise acceptable financial statements for at least the immediately preceding two (2) fiscal years, or the period of Customer's existence, if shorter. Additionally, each Customer shall submit current fiscal year interim-unaudited financial statements, if available;
 - (ii) Annual report;
 - (iii) List of affiliates, parent companies, and subsidiaries;
 - (iv) Publicly available information from credit reports by credit and bond rating agencies;

Issued by: Charles A. White
Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

- (v) Private credit ratings, if obtained by Customer;
- (vi) Credit References. Each Customer shall submit bank and utility credit references. In the case where a Customer does not have the required utility references, trade payable vendor references may be substituted;
- (vii) Statement of Customer's legal composition;
- (viii) Statement of length of time Customer's business has been in operation;
- (x) Most recent filed statements with the U.S. Securities and Exchange Commission (or equivalent authority) or such other publicly available information. Such financial information generally must include, but not be limited to, the following: (if publicly traded) annual and quarterly reports on SEC Forms 10-K and 10-Q, respectively, and Form 8-K reports, if any; (if privately held) management's discussion and analysis, report of independent accountants, financial statements including balance sheet, income statement, statement of cash flows, statement of stockholders' equity, and notes to financial statements. If the above information is available on the public internet, Customer instead may provide instructions regarding where such statements may be located by SCE&G;
- (xi) For public entities, the most recent publicly available interim financial statements, with an attestation by its chief financial officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;

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- (xii) For non-public entities, including those that are State-regulated utilities: (a) the most recent available interim financial statements, with an attestation by its chief financial officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent; (b) an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing Customer's current financial condition; and
- (xiii) Such other information as may be mutually agreed to by the parties.

SCE&G will maintain any non-public data included in such information on a confidential basis.

- (B) Criteria. In order to be found creditworthy, the Customer must meet the following standards:
 - (i) The Customer is not in default of its payment obligations under Section 7.3 of this Tariff; and
 - (ii) The Customer meets one of the following criteria:
 - (a) The Customer has been in business at least one year and has a credit rating of at least "Baa3" (Moody's) or "BBB minus" (Standard & Poors or Fitch's) (If Customer is rated by multiple agencies the lowest rating applies); or
 - (b) The Customer has been in business at least one year, and provides its most recent financial statement to SCE&G which demonstrates that the Customer meets standards that are at least equivalent to the standards underlying credit ratings of "Baa3" (Moody's) or "BBB minus"

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(Standard and Poors or Fitch's), provided that if the Customer is found to be not creditworthy pursuant to this paragraph b, SCE&G will inform the Customer of the reasons for that determination; or

- (c) The Customer is a borrower from the Rural Utilities Service ("RUS") and has a Times Interest Earned Ratio of 1.05 or better and a Debt Service Coverage Ratio of 1.00 or better in the most recent calendar year, or is maintaining the Times Interest Earned Ratio and Debt Service Coverage Ratio as established in the Customer's RUS Mortgage; or
 - (d) The Customer is a municipality or a rural electric cooperative that has taken transmission service from SCE&G for at least one year; or
 - (e) The Customer's parent company meets the criteria set out in (i) and (ii) (a), (b), (c), or (d) above, and the parent company provides a written guarantee that the parent company will be unconditionally response for all financial obligations associated with the Customer's receipt of transmission service.
- (C) Notification. On SCE&G's determination that Customer is non-creditworthy, SCE&G will provide, within five (5) Business Days of Customer's request, notification by e-mail of the basis for SCE&G's determination and of SCE&G's collateral requirements specified in Section (3). Customer may make reasonable requests for SCE&G to re-evaluate Customer's creditworthiness pursuant to the criteria detailed in Section 1(B), above.
- (D) Change in Creditworthiness Status. SCE&G will review not less than annually, or at the reasonable request of the Customer, the

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creditworthiness of Customers pursuant to the criteria specified in Section (1)(B). As part of this review, a Customer may be required to submit the information specified in Section (1)(A). In addition, each Customer shall notify SCE&G, in writing, within five (5) Business Days, of any material change in its financial condition. A material change in financial status includes the following: a downgrade of long or short-term debt rating by a major bond rating agency; being placed on a credit watch with negative implications by a major credit rating agency; a bankruptcy filing; any action requiring filing of a Form 8-K; insolvency; a report of a significant quarterly loss or decline in earnings; the resignation of key officer(s); and the issuance of a regulatory order or the filing of a lawsuit that could materially adversely impact current or future financial results. As a result of SCE&G's creditworthiness review or in response to a Customer's request or a Customer's notice of any material change in its financial condition, SCE&G may adjust Customer's credit limit and collateral requirements in accordance with Sections (2) and (3), below. Upon Customer request, SCE&G will provide a written explanation of any change in credit limit or collateral requirement. Customer may make reasonable requests for SCE&G to re-evaluate Customer's credit limit or collateral requirement pursuant to Sections (2) and (3), below.

(2) Establishing Credit Limits.

- (A) Credit Limits. Generally, credit limits must at least equal three (3) months of estimated total charges as determined by SCE&G from time to time.

If at any time SCE&G determines according to these creditworthiness standards that Customer is not able fully to support its credit exposures based solely on its financial viability, SCE&G may require that collateral be provided. If required by SCE&G, Customer will be asked to provide an acceptable form of collateral within 30 days of SCE&G's request. No service to Customer shall commence until this requirement

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Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

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is satisfied. If service to Customer already has commenced and Customer fails to provide the collateral as required by SCE&G within five (5) Business Days of notification as detailed in Section 4(B), below, Customer will be deemed in default of its Service Agreement.

Issued by: Charles A. White
Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

Filed to comply with Order of the Federal Energy Regulatory Commission, Order on Compliance Filing, Docket Nos. OA08-46-000, *et al.*, issued September 18, 2008, 124 FERC ¶ 61,266 (2008).

- (B) Notification. SCE&G will notify Customer when Customer's obligations exceeds its credit limit. Within five (5) Business Days of such notice, Customer shall take all actions necessary to comply with the credit limit applicable to Customer. If Customer fails to comply with the credit limit within 5 days, SCE&G may suspend service to such Customer pursuant to Section (4)(A), below.
- (3) Collateral.
- (A) A Customer that does not satisfy the creditworthiness requirements based on SCE&G's creditworthiness standards, or whose obligations are greater than Customer's established credit limit, may be required to provide collateral to SCE&G. If collateral is required, and service has not commenced, Customer shall provide an appropriate form of collateral within 30 days of notification from SCE&G. No service to Customer shall commence until any such collateral requirement is satisfied. If service to Customer already has commenced, Customer shall provide an appropriate form of collateral as required by SCE&G within five (5) Business Days of notification as detailed in Section 4(B), below. The amount of credit support required will depend on Customer's transmission activity and the resulting credit exposures. In all instances, however, on SCE&G's determination that Customer is non-creditworthy, Customer will be given the option to provide SCE&G with collateral in order to receive or retain service.
- (B) Amount of Collateral.
- (i) For service not requiring construction, such collateral may not exceed three (3) month's worth of estimated total charges for the service.
- (ii) For service that required or will require construction of facilities by SCE&G, the amount of collateral will be reasonable in light of the risks of the project, provided that the amount of collateral

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Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

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Revised Open Access Transmission Tariff
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Superseding Second Revised Sheet No. 257

cannot exceed Customer's share of the cost of the facilities.

Issued by: Charles A. White
Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

Filed to comply with Order of the Federal Energy Regulatory Commission, Order on Compliance Filing,
Docket Nos. OA08-46-000, *et al.*, issued September 18, 2008, 124 FERC ¶ 61,266 (2008).

Collateral for facilities construction must be provided prior to the start of construction. The outstanding amount of collateral for facilities construction will be reduced as Customer pays off its obligation.

- (iii) Customer may make reasonable requests for SCE&G to re-evaluate Customer's collateral requirement pursuant to this Section.

(C) Forms of Collateral.

- (i) The following are acceptable forms of collateral:
 - (a) Letter of Credit. An unconditional irrevocable standby letter of credit for the full value of the collateral requirement is generally acceptable subject to the following. The letter of credit shall provide that it will renew automatically except on at least 30 days prior notice from the issuing bank, or such terms to which SCE&G reasonably may agree. If the letter of credit amount falls below the collateral amount required because of a claim for payment, such letter of credit amount must be replenished to the required level within ten (10) Business Days; otherwise, SCE&G will declare Customer to be in default under its related Service Agreements. If actual obligations exceed those anticipated, Customer must obtain a substitute letter of credit that equals the actual SCE&G obligations. The form, substance, and provider of the letter of credit shall be acceptable to SCE&G. The letter of credit shall state the full names of the "Issuer", "Account Party", and "Beneficiary" (SCE&G), and the dollar amount available for drawings, and shall specify that funds shall be disbursed on presentation of the drawing certificate. The bank issuing the letter of credit

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Vice President - Electric Transmission
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must have a minimum Senior Unsecured Debt rating of an "A minus" by Standard & Poor's or Fitch's, or "A3" by Moody's. All costs associated with obtaining a letter of credit are Customer's responsibility.

- (b) Corporate or Other Acceptable Guaranty. An irrevocable and unconditional guaranty obtained from a Guarantor guaranteeing: (i) full and prompt payment of all amounts payable by Customer, and (ii) performance by Customer under related Service Agreements, may provide an acceptable form of collateral to SCE&G. Guarantor must have, at a minimum, an investment grade debt rating of "BBB minus" by Standard & Poor's or Fitch's, or "Baa3" by Moody's. The guaranty must state the identities of the "Guarantor", "Beneficiary (SCE&G)", and "Obligor", and the relationship between Guarantor and Customer. The guaranty must be duly authorized by Guarantor, must be signed by an officer or otherwise approved signer of Guarantor, and must be accompanied by satisfactory documentation that the person signing the guaranty is duly authorized. A Customer supplying a guaranty must ensure that Guarantor: (i) submits to SCE&G at least annually a current rating agency report promptly on its issuance, SEC Form 8-Ks promptly on their issuance, and financial reports if and as requested by SCE&G within ten (10) days of such request, and (ii) informs SCE&G in writing within ten (10) Business Days of any material change in its financial status. Guarantor's failure to provide this information may result in a determination by SCE&G that Customer is in default under one (1) or more of the related Service Agreements. If there is a material adverse change in the financial condition of Guarantor, SCE&G may require Customer to provide another form of acceptable collateral.

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- (c) **Surety Bond.** A surety bond provides an acceptable form of collateral to SCE&G for the full value of the collateral requirement when issued by a surety company that holds certificates of authority as acceptable surety, has an A.M. Best credit rating of “A” or better, or is otherwise acceptable to SCE&G. The surety bond must renew automatically unless the issuing surety provides notice to SCE&G at least 30 days prior to the surety bond’s expiration of the surety’s decision not to renew the surety bond, or such term to which SCE&G reasonably may agree. If the bond amount falls below the collateral requirement because of a claim for payment, such surety bond must be replenished within ten (10) Business Days; otherwise, SCE&G may declare Customer to be in default under one (1) or more of the related Service Agreements. If actual obligations to SCE&G exceed those anticipated, Customer must obtain a revised surety bond that equals the actual SCE&G obligations. The form, substance, and provider of the surety bond must be acceptable to SCE&G. The bond shall specify that funds will be disbursed, in accordance with the bond provision, within ten (10) Business Days after notice is given to the surety by SCE&G. All costs associated with obtaining a surety bond and meeting the guideline provisions are Customer’s responsibility.
- (d) **Cash Deposit.** A cash deposit from Customer in an amount required by SCE&G is acceptable collateral. If it is necessary to use all or a portion of the cash deposit to pay Customer’s obligation, the original cash deposit must be replenished to the required level within ten (10) Business Days of notification; otherwise, SCE&G may declare Customer to be in default under the related Service

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Agreements. In the event actual Customer obligations exceed the collateral requirement, Customer must increase its cash deposit to the required level within ten (10) Business Days of notification. The cash deposit will be held by SCE&G and interest earned will accrue to Customer at the rate in 18 C.F.R. § 35.19a. SCE&G may liquidate all account balances at its discretion to meet Customer's obligations to SCE&G when a default has occurred and the cure period has expired.

- (ii) Notwithstanding the provisions in (i) above, for service that required or will require construction of facilities, SCE&G and Customer may agree to different provisions relating to the form of collateral that are reasonable in light of the risks of the project.
 - (D) Notice. SCE&G will provide notice to Customer that SCE&G may take corrective actions, including suspension and termination of service pursuant to Section (4), if the Customer fails to provide the required collateral by the specified deadline(s).
 - (E) SCE&G has the right to liquidate, or draw upon, all or a portion of a Transmission Customer's form of collateral in order to satisfy a Transmission Customer's total net obligations to SCE&G upon a Default pursuant to Section 7.3 of the Tariff. A Transmission Customer shall replace any liquidated, or drawn-upon, collateral within five (5) Business Days of notification of liquidation/draw-down.
- (4) Suspension of Service.
- (A) Notwithstanding any other provision of this Tariff, if a Transmission Customer fails to provide the entirety of required financial assurances when due under this Attachment L, SCE&G may suspend Transmission Service to such Transmission Customer thirty-five (35) days after SCE&G's notification to such Transmission Customer as provided in

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- (4)(B) below. SCE&G will provide at least thirty (30) days written notice to the Commission before suspending Transmission Service pursuant to this provision.
- (B) SCE&G will provide notice to the Transmission Customer that it must provide any required financial assurances by the deadline specified in the notice, and that SCE&G may take corrective actions, including suspension of service pursuant to this section (4) if the Transmission Customer fails to provide the required financial assurances by the specified deadline(s). Any notices sent to the Transmission Customer and to the Commission pursuant to this Attachment L may be sent concurrently.
- (C) The suspension of service under (4)(A), above, shall continue only for as long as the circumstances that entitle SCE&G to suspend service continue. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of service.

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Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

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Third Revised Volume No. 5

Revised Open Access Transmission Tariff
Original Sheet No. 263

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Issued by: Charles A. White
Vice President - Electric Transmission
Issued on: December 17, 2008

Effective: December 12, 2007

Filed to comply with Order of the Federal Energy Regulatory Commission, Order on Compliance Filing,
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