NEW ISSUE – Book-Entry

INSURED RATINGS: Moody's: "A1"
S&P: "AA"
RATINGS: Moody's: "A3"
S&P: "A-"
Fitch: "A-"

In the opinion of Burr Forman McNair, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority described herein, interest on the 2022C Bonds and the 2022E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Burr Forman McNair, Bond Counsel, is also of the opinion that interest on the 2022D Bonds and the 2022F Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Burr Forman McNair, Bond Counsel, is further of the opinion that the interest on the 2022 Bonds will be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer, and certain franchise taxes. See "TAX MATTERS" herein regarding certain other tax considerations.

$621,490,000
South Carolina Public Service Authority
Revenue Obligations
consisting of
$36,640,000 2022 Tax-Exempt Refunding Series C
$134,850,000 2022 Taxable Refunding Series D
$390,000,000 2022 Tax-Exempt Improvement Series E
$60,000,000 2022 Taxable Improvement Series F

Dated: Date of Delivery **Due: As shown on the inside cover**

The South Carolina Public Service Authority (the "Authority") is issuing its Revenue Obligations, 2022 Tax-Exempt Refunding Series C (the "2022C Bonds") and 2022 Taxable Refunding Series D (the "2022D Bonds" and, together with the 2022C Bonds, the "2022CD Bonds") for the purpose of (i) refinancing a portion of the outstanding debt of the Authority, and (ii) paying certain costs of issuance. The Authority is issuing its Revenue Obligations, 2022 Tax-Exempt Improvement Series E (the "2022E Bonds") and 2022 Taxable Improvement Series F (the "2022F Bonds" and, together with the 2022E Bonds, the "2022EF Bonds"), for the purpose of (i) financing a portion of the costs of the capital improvement program of the System (as defined herein), and (ii) paying certain costs of issuance. The 2022CD Bonds and the 2022EF Bonds are referred to herein as the "2022 Bonds." See "PLAN OF FINANCE AND REFUNDING PLAN." Interest on the 2022 Bonds of each Series will accrue from their date of delivery and will be payable semiannually on each June 1 and December 1, commencing on June 1, 2023. The 2022 Bonds will be issued only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2022 Bonds under a book-entry only system as described herein, pursuant to which principal and interest payments on the 2022 Bonds will be made. Individual purchases of beneficial interests may be made in book-entry only form, in the principal amount of $5,000 or any integral multiple thereof for the 2022 Bonds. Beneficial owners of the 2022 Bonds will not receive physical delivery of bond certificates. See APPENDIX C – "PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" attached hereto.

The 2022 Bonds are being issued pursuant to the Act (as defined herein) and pursuant to the authority of and in full compliance with the resolution adopted by the Authority's Board of Directors (the "Board") on April 26, 1999 (the "Master Resolution"), as amended and supplemented from time to time. The Master Resolution, as so amended and supplemented, is hereinafter referred to as the "Revenue Obligation Resolution." See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION" attached hereto.

The 2022 Bonds are subject to redemption prior to maturity as set forth herein. See "DESCRIPTION OF THE 2022 BONDS – Redemption Provisions."

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of this issue. Investors must read the Official Statement in its entirety prior to purchasing the 2022 Bonds to obtain information essential to making an informed investment decision.

The 2022 Bonds are not indebtedness of the State of South Carolina (the "State"), nor of any political subdivision thereof, and neither the State nor any of its political subdivisions is liable thereon, nor are they payable from any funds other than the Revenues (as defined herein) of the Authority pledged to the payment thereof.

The scheduled payment of principal of and interest on (i) the 2022C Bonds maturing on December 1 of the years 2031, 2032 and 2036 through and including 2042; (ii) the 2022D Bonds maturing on December 1 of the years 2027 through and including 2036 and 2042; (iii) the 2022E Bonds maturing on December 1 of the years 2031, 2032, 2036, 2037, 2038, 2040 (bearing CUSIP number 837151T66), 2041 (bearing CUSIP number 837151T82), 2042 (bearing CUSIP number 837151U23), 2052 (bearing CUSIP number 837151U49) and 2052 (bearing CUSIP number 837151U56); and (iv) the 2022F Bonds maturing on December 1 of the years 2027 through and including 2032 and 2042 (collectively, the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. ("AGM"). See "**DESCRIPTION OF THE 2022 BONDS – Bond Insurance.**"

The 2022 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Burr Forman McNair, Charleston, South Carolina, Bond Counsel. Certain legal matters will be passed upon for the Authority by Nixon Peabody LLP, New York, New York, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Pamela J. Williams, the Authority's Chief Public Affairs Officer and General Counsel. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York, Counsel to the Underwriters. It is expected that delivery of the 2022 Bonds will be made on or about November 15, 2022.

J.P. Morgan **BofA Securities** **Barclays**

American Veterans Group **Goldman Sachs & Co. LLC** **Morgan Stanley**

TD Securities **Wells Fargo Securities**

November 9, 2022

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS, AND CUSIP NUMBERS[*] AND ISIN NUMBERS[*]

$36,640,000
Revenue Obligations, 2022 Tax-Exempt Refunding Series C

Maturity (December 1)	Amount	Interest Rate	Yield	CUSIP Number[*]	Maturity (December 1)	Amount	Interest Rate	Yield	CUSIP Number[*]
2023	$2,170,000	5.000%	3.550%	837151P29	2034	$1,890,000	5.250%	4.600%[†]	837151Q44
2025	1,215,000	5.000	3.810	837151P37	2035	1,990,000	5.250	4.700[†]	837151Q51
2026	1,275,000	5.000	3.880	837151P45	2036[**]	2,090,000	5.250	4.520[†]	837151Q69
2027	1,340,000	5.000	3.940	837151P52	2037[**]	2,200,000	5.250	4.610[†]	837151Q77
2028	1,405,000	5.000	4.030	837151P60	2038[**]	2,315,000	5.250	4.700[†]	837151Q85
2029	1,475,000	5.000	4.120	837151P78	2039[**]	2,440,000	5.500	4.690[†]	837151Q93
2030	1,550,000	5.000	4.190	837151P86	2040[**]	2,575,000	5.500	4.770[†]	837151R27
2031[**]	1,625,000	5.000	4.130	837151P94	2041[**]	2,715,000	5.500	4.820[†]	837151R35
2032[**]	1,710,000	5.000	4.220	837151Q28	2042[**]	2,865,000	5.500	4.840[†]	837151R43
2033	1,795,000	5.250	4.450[†]	837151Q36					

$134,850,000
Revenue Obligations, 2022 Taxable Refunding Series D

Maturity (December 1)	Amount	Interest Rate	Price	CUSIP Number[*]	ISIN Number[*]
2023	$7,115,000	5.724%	100%	837151U64	US837151U641
2025	4,060,000	6.076	100	837151U72	US837151U724
2026	4,305,000	6.113	100	837151U80	US837151U807
2027[**]	4,570,000	5.913	100	837151U98	US837151U989
2028[**]	4,840,000	6.024	100	837151V22	US837151V227
2029[**]	5,130,000	6.074	100	837151V30	US837151V300
2030[**]	5,445,000	6.136	100	837151V48	US837151V482
2031[**]	5,775,000	6.186	100	837151V55	US837151V557
2032[**]	6,135,000	6.236	100	837151V63	US837151V631
2033[**]	6,515,000	6.286	100	837151V71	US837151V714
2034[**]	6,925,000	6.336	100	837151V89	US837151V896
2035[**]	7,365,000	6.386	100	837151V97	US837151V979
2036[**]	7,835,000	6.436	100	837151W21	US837151W217

$58,835,000 6.447% Term Bonds due December 1, 2042[**], Price 100%, CUSIP No.[*] 837151W39
ISIN No.[*] US837151W399

---

* Copyright 2021, American Bankers Association. The CUSIP (Committee on Uniform Securities Identification Procedures) numbers in this Official Statement have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are included solely for the convenience of the Holders of the 2022 Bonds and no representation is made as to the correctness of the CUSIP numbers on the applicable 2022 Bonds or as included herein. The CUSIP number assigned to a specific maturity may be changed after the execution and delivery of the 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding or defeasance in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2022 Bonds. Neither the Authority nor the Underwriters has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers herein. ISIN data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. ISIN numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

** Insured Bonds.

† Yield to the first optional call date of December 1, 2032.

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS, AND CUSIP NUMBERS* AND ISIN NUMBERS*

$390,000,000
Revenue Obligations, 2022 Tax-Exempt Improvement Series E

Maturity (December 1)	Amount	Interest Rate	Yield	CUSIP Number*	Maturity (December 1)	Amount	Interest Rate	Yield	CUSIP Number*
2023	$ 3,630,000	5.000%	3.550%	837151R50	2035	$12,125,000	5.250%	4.700%†	837151S83
2025	450,000	5.000	3.810	837151R68	2036**	12,770,000	5.250	4.520†	837151S91
2026	345,000	5.000	3.880	837151R76	2037**	13,450,000	5.250	4.610†	837151T25
2027	2,850,000	5.000	3.940	837151R84	2038**	32,165,000	5.250	4.700†	837151T33
2028	2,995,000	5.000	4.030	837151R92	2039	14,930,000	5.500	4.940†	837151T41
2029	3,345,000	5.000	4.120	837151S26	2040	11,500,000	5.500	5.020†	837151T58
2030	6,610,000	5.000	4.190	837151S34	2040**	4,225,000	5.500	4.770†	837151T66
2031**	6,025,000	5.000	4.130	837151S42	2041	11,500,000	5.500	5.070†	837151T74
2032**	3,890,000	5.000	4.220	837151S59	2041**	5,060,000	5.500	4.820†	837151T82
2033	10,940,000	5.250	4.450†	837151S67	2042	7,070,000	5.500	5.090†	837151T90
2034	11,515,000	5.250	4.600†	837151S75	2042**	10,375,000	5.500	4.840†	837151U23

$82,925,000 5.750% Term Bonds due December 1, 2047, Yield 5.240%†, CUSIP No.* 837151U31

$62,150,000 5.750% Term Bonds due December 1, 2052, Yield 5.060%†, CUSIP No.* 837151U49**

$57,160,000 5.000% Term Bonds due December 1, 2052, Yield 5.180%, CUSIP No.* 837151U56**

$60,000,000
Revenue Obligations, 2022 Taxable Improvement Series F

Maturity (December 1)	Amount	Interest Rate	Price	CUSIP Number*	ISIN Number*
2023	$ 495,000	5.724%	100%	837151W47	US837151W472
2025	750,000	6.076	100	837151W54	US837151W548
2026	585,000	6.113	100	837151W62	US837151W621
2027**	4,785,000	5.913	100	837151W70	US837151W704
2028**	5,030,000	6.024	100	837151W88	US837151W886
2029**	5,620,000	6.074	100	837151W96	US837151W969
2030**	11,100,000	6.136	100	837151X20	US837151X207
2031**	10,120,000	6.186	100	837151X38	US837151X389
2032**	6,515,000	6.236	100	837151X46	US837151X462

$15,000,000 6.447% Term Bonds due December 1, 2042, Price 100%, CUSIP No.* 837151X53**
ISIN No.* US837151X538

---

* Copyright 2021, American Bankers Association. The CUSIP (Committee on Uniform Securities Identification Procedures) numbers in this Official Statement have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are included solely for the convenience of the Holders of the 2022 Bonds and no representation is made as to the correctness of the CUSIP numbers on the applicable 2022 Bonds or as included herein. The CUSIP number assigned to a specific maturity may be changed after the execution and delivery of the 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding or defeasance in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2022 Bonds. Neither the Authority nor the Underwriters has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers herein. ISIN data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. ISIN numbers are provided for convenience of reference only. Neither the Authority nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

** Insured Bonds.

† Yield to the first optional call date of December 1, 2032.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

ANY REFERENCES IN THIS OFFICIAL STATEMENT TO THE "ISSUER" MEAN THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY REVENUE OBLIGATIONS, 2022 TAXABLE REFUNDING SERIES D AND 2022 TAXABLE IMPROVEMENT SERIES F OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION**.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA"); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA") AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT

REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "UK PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION OR SECTION 86 OF THE FSMA (IN EACH CASE AS APPLICABLE) FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION AND IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE

COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("**FINSA**") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS PURSUANT TO (I) THE FINSA OR (II) THE LISTING RULES OF THE SIX SWISS EXCHANGE AG OR ANY OTHER REGULATED TRADING VENUE IN SWITZERLAND AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. THIS OFFICIAL STATEMENT WILL NOT BE REVIEWED NOR APPROVED BY A REVIEWING BODY FOR PROSPECTUSES (*PRÜFSTELLE*).

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("**FINMA**"), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("**CISA**"). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE INVESTMENT ADVICE. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE BONDS AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN OR WILL NOT BE REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32) OF HONG KONG ("C(WUMP)O")) IN HONG KONG NOR

HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) OF HONG KONG ("SFO").

ACCORDINGLY: (I) THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT, OTHER THAN (A) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO, OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O; AND (II) NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY, TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

[Remainder of page intentionally left blank]

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

One Riverwood Drive
Moncks Corner, South Carolina 29461
(843) 761-8000

ADVISORY BOARD

Governor HENRY MCMASTER
Attorney General ALAN WILSON
State Treasurer CURTIS M. LOFTIS, JR.
Comptroller General RICHARD ECKSTROM
Secretary of State MARK HAMMOND

DIRECTORS

PETER M. MCCOY, JR., *Chairman*
DAN J. RAY, *First Vice Chairman*
DAVID F. SINGLETON, *Second Vice Chairman*
KRISTOFER D. CLARK
WILLIAM A. FINN
MERRELL W. FLOYD
ROBERT C. HOCHSTETLER, *Ex Officio*
J. CALHOUN LAND IV
CHARLES H. LEAIRD
STEPHEN H. MUDGE
PEGGY H. PINNELL
BARRY D. WYNN
ROBERT G. ARDIS, III, *Ex Officio*

EXECUTIVE STAFF

JIMMY STATON .... PRESIDENT AND CHIEF EXECUTIVE OFFICER
PAMELA J. WILLIAMS .... CHIEF PUBLIC AFFAIRS OFFICER AND GENERAL COUNSEL
KENNETH W. LOTT III .... CHIEF FINANCIAL AND ADMINISTRATION OFFICER
RAHUL DEMBLA .... CHIEF PLANNING OFFICER
J. MARTINE WATSON .... CHIEF POWER SUPPLY OFFICER
J. MICHAEL POSTON .... CHIEF CUSTOMER OFFICER
MONIQUE L. WASHINGTON .... CHIEF AUDIT AND RISK OFFICER

TRUSTEE
The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

BOND COUNSEL
Burr Forman McNair
Charleston, South Carolina

DISCLOSURE COUNSEL
Nixon Peabody LLP
New York, New York

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Charlotte, North Carolina

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations with respect to the 2022 Bonds other than the information and representations contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2022 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been provided by the Authority and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

All summaries herein of documents are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2022 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

THIS OFFICIAL STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS. IN THIS RESPECT, THE WORDS "MAY," "WILL," "FORECAST," "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE," AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE BASED ON THE CURRENT EXPECTATIONS OF THE PARTY MAKING SUCH STATEMENTS AS WELL AS ASSUMPTIONS MADE BASED ON THE INFORMATION CURRENTLY AVAILABLE TO SUCH PARTY. A NUMBER OF IMPORTANT FACTORS AFFECTING THE AUTHORITY'S BUSINESS AND FINANCIAL RESULTS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD-LOOKING STATEMENTS ARE DISCLOSED IN THIS OFFICIAL STATEMENT. ACTUAL EVENTS OR RESULTS MAY BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT, OR MAY NOT OCCUR. ALL ESTIMATES, PROJECTIONS, FORECASTS, ASSUMPTIONS AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE THEY WERE PREPARED. THE AUTHORITY SPECIFICALLY DISCLAIMS ANY OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT NEW INFORMATION OR FUTURE OCCURRENCES OR UNANTICIPATED EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS OFFICIAL STATEMENT.

The Authority may place a copy of this Official Statement on the Authority's website at https://www.santeecooper.com. No statement on the Authority's website or any other website is included by specific cross-reference herein. Although the Authority has prepared the information on its website for the convenience of those seeking that information, no investment decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source

documents to their digital format, and the Authority assumes no liability or responsibility for errors or omissions contained on any website. Further, the Authority disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. The Authority also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such website and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC").

THE 2022 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE 2022 BONDS WILL NOT HAVE BEEN RECOMMENDED BY THE SEC OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH COMMISSIONS AND REGULATORY AUTHORITIES WILL HAVE REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. THE REGISTRATION OR QUALIFICATION OF THE 2022 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE 2022 BONDS MAY HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION THEREFROM IN OTHER JURISDICTIONS CANNOT BE REGARDED AS A RECOMMENDATION THEREOF BY ANY SUCH JURISDICTION. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the 2022 Bonds is made only by means of this entire Official Statement.

The Authority maintains a website and certain social media accounts. However, the information presented thereon is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2022 Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the SEC, this document, as the same may be supplemented or corrected by the Authority from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the 2022 Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Authority.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the 2022 Bonds or the advisability of investing in the 2022 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**DESCRIPTION OF THE 2022 BONDS – Bond Insurance**" and "APPENDIX G – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

TABLE OF CONTENTS

INTRODUCTION 1
- General 1
- The South Carolina Public Service Authority 2
- Purpose of the 2022 Bonds 2
- Outstanding Parity and Subordinated Indebtedness 2
- Additional Indebtedness 3

RECENT DEVELOPMENTS 4
- Fuel Supply Issues and Increased Commodity Prices 4
- Cook Settlement Agreement 6
- The Authority's Cost Mitigation, Liquidity and Funding Plan 8
- Projected Cash, Liquidity and Debt Service Coverage 10
- Other Matters Relating to Cook Settlement Agreement 12
- Winyah Generating Station 12
- Central Option Relating to Proposed Natural Gas Combined Cycle Shared Resource 13

PLAN OF FINANCE AND REFUNDING PLAN 14
- 2022CD Bonds 14
- 2022EF Bonds 14

ESTIMATED SOURCES AND USES OF FUNDS 15

DEBT SERVICE REQUIREMENTS 16

DESCRIPTION OF THE 2022 BONDS 17
- General 17
- Redemption Provisions – 2022C Bonds 17
- Redemption Provisions – 2022D Bonds 17
- Redemption Provisions – 2022E Bonds 19
- Redemption Provisions – 2022F Bonds 20
- Notice of Redemption 22
- Registration and Transfer; Payment 22
- Book-Entry-Only System 23
- Bond Insurance 23

SECURITY FOR THE 2022 BONDS 26
- General 26
- Rate Covenant 26
- Additional Indebtedness 27
- Flow of Funds 27
- Distributions to the State 28

THE AUTHORITY 28
- General 28
- Governance 29
- Executive Staff 30
- Staff 32
- Joint Bond Review Committee Approval 32
- Outstanding Indebtedness 33
- Debt Reduction Plan 34
- Future Financings 34
- Capital Improvement Program 35
- Power System Additions 35
- Commitment to Sustainability 36

FINANCIAL INFORMATION 36
- Recent Financial Information 37
- Selected Recent Financial Information 38
- Historical Annual Operating Results 41
- Management's Discussion of Selected Historical Annual Financial Information 42
- Impact of COVID-19 45
- Economic and Demographic Information 45

CUSTOMER BASE 45
- Service Area 45
- Wholesale Customers 46
- Retail Customers 48
- Large Industrial and Military Customers 48

RATES AND RATE COMPARISON 49
- Authorization 49
- Revenue Obligation Resolution Requirements 50
- Cook Settlement as to Rates 50
- Rate Structure 51
- Rate Process 52
- Rate Comparison 52

HISTORICAL SALES 53
- Historical Demand, Sales, and Revenues 53

POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES 54
- Power Supply 54
- Existing Generating Facilities 55
- Power Purchase Agreements or Purchases 57
- Fuel Supply 58
- Transmission 59
- Broadband Access 59
- Distribution 60
- General Plant 60
- Interconnection and Interchanges 60
- Reliability Agreements 60
- The Energy Authority 60
- Southeast Exchange Energy Market 61
- Regional Water Systems 61
- Cybersecurity 62
- Insurance 63
- Effects of Weather and Other Catastrophic Events 63
- Integrated Resource Planning 64
- Projected Energy Mix 66

SUMMER NUCLEAR UNITS 2 AND 3 67

REGULATORY MATTERS 68
- The Electric Utility Industry Generally 68
- Environmental Matters 68
- FERC Hydro Licensing 75
- NERC Regulation 75
- Nuclear Matters 76
- Legislative Matters 76

LITIGATION 77
- General 77
- Pending Matters or Disputes 77

TAX MATTERS 78
- Tax Matters Relating to the 2022C Bonds and the 2022E Bonds 78
- Tax Matters Relating to the 2022D Bonds and the 2022F Bonds 80
- Bond Counsel Opinions 86

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS 86

UNDERWRITING 88

FINANCIAL ADVISOR 88

FINANCIAL STATEMENTS 89

RATINGS 89

VERIFICATION OF MATHEMATICAL COMPUTATIONS 89

APPROVAL OF LEGAL PROCEEDINGS 89

CONTINUING DISCLOSURE 90

MISCELLANEOUS 90

APPENDIX A – REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS

APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION

APPENDIX C – PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

APPENDIX D – CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX E – PROPOSED FORMS OF BOND COUNSEL OPINIONS

APPENDIX F – PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

Official Statement
relating to

$621,490,000
South Carolina Public Service Authority
Revenue Obligations
consisting of
$36,640,000 2022 Tax-Exempt Refunding Series C
$134,850,000 2022 Taxable Refunding Series D
$390,000,000 2022 Tax-Exempt Improvement Series E
$60,000,000 2022 Taxable Improvement Series F

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the Appendices attached hereto, is to set forth information concerning the Revenue Obligations, 2022 Tax-Exempt Refunding Series C (the "2022C Bonds"), 2022 Taxable Refunding Series D (the "2022D Bonds" and, together with the 2022C Bonds, the "2022CD Bonds"), 2022 Tax-Exempt Improvement Series E (the "2022E Bonds") and 2022 Taxable Improvement Series F (the "2022F Bonds" and, together with the 2022E Bonds, the "2022EF Bonds") of the South Carolina Public Service Authority (the "Authority") offered hereby. The 2022CD Bonds and the 2022EF Bonds are referred to herein as the "2022 Bonds." The 2022C Bonds and the 2022E Bonds are referred to herein as the "Tax-Exempt 2022 Bonds" and the 2022D Bonds and 2022F Bonds are referred to herein as the "Taxable 2022 Bonds." See "PLAN OF FINANCE AND REFUNDING PLAN."

This Introduction contains certain information for quick reference only. Prospective investors must read the Official Statement in its entirety prior to purchasing the 2022 Bonds to obtain information essential to making an informed investment decision.

The 2022 Bonds are to be issued pursuant to Act No. 887 of the Acts of the State of South Carolina for 1934 and acts supplemental thereto and amendatory thereof (Code of Laws of South Carolina 1976, as amended - Sections 58-31-10 through 58-31-740) (the "Act"), and pursuant to the authority of and in full compliance with the resolution adopted by the Authority's Board of Directors (the "Board") on April 26, 1999 (the "Master Resolution"), as amended and supplemented from time to time, including as supplemented by the Fifty-Fourth Series and Supplemental Resolution (the "Fifty-Fourth Supplemental Resolution") authorizing the 2022C Bonds, the Fifty-Fifth Series and Supplemental Resolution (the "Fifty-Fifth Supplemental Resolution") authorizing the 2022D Bonds, the Fifty-Sixth Series and Supplemental Resolution (the "Fifty-Sixth Supplemental Resolution") authorizing the 2022E Bonds and the Fifty-Seventh Series and Supplemental Resolution authorizing the 2022F Bonds (the "Fifty-Seventh Supplemental Resolution"). The Master Resolution, as so amended and supplemented, is hereinafter referred to as the "Revenue Obligation Resolution." The 2022 Bonds constitute "Obligations" issued under the Revenue Obligation Resolution. The 2022 Bonds and all Obligations heretofore and hereafter issued pursuant to the Revenue Obligation Resolution (collectively, the "Revenue Obligations") are payable on a parity with each other. See "SECURITY FOR THE 2022 BONDS."

The summary of the Revenue Obligation Resolution herein contained is made subject to all of the provisions of such document, and such summary does not purport to be a complete statement of such provisions. Reference is hereby made to such document for further information in connection therewith. Copies of the Revenue Obligation Resolution may be examined at the main office of the Authority in Moncks Corner, South Carolina. The Authority's financial statements for the years ended December 31, 2021 and December 31, 2020 are included as APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS" to this Official Statement.

Capitalized terms used herein and not defined have the meanings given to such terms in APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

This Official Statement has been updated to correct two typographical errors that were identified in the Preliminary Official Statement dated November 1, 2022. See "RECENT DEVELOPMENTS – The Authority's Cost Mitigation, Liquidity and Funding Plan – *Funding of Cook Deferred Expenses*" and the table set forth under "RECENT DEVELOPMENTS – Projected Cash, Liquidity and Debt Service Coverage – *Projected Debt Service Coverage*."

The South Carolina Public Service Authority

The Authority is a body corporate and politic created by the Act. In June of 2021, Act 90 of 2021 ("Act 90 of 2021") was enacted which amended certain provisions of law applicable to the Authority, including provisions of the Act. The Act, among other things, authorizes the Authority to produce, distribute and sell electric power and to acquire, treat, transmit, distribute, and sell water at wholesale within the counties of Berkeley, Calhoun, Dorchester, and Orangeburg, as well as the Town of Santee, South Carolina. The Authority owns and operates the Santee Cooper Regional Water System and the Lake Marion Regional Water System. Under current State law and by contract, each of the regional water systems is required to be self-supporting. The Authority began electric power operations in 1942. The Santee Cooper Regional Water System began commercial operation in October 1994 and the Lake Marion Regional Water System began commercial operation in May 2008.

Purpose of the 2022 Bonds

The 2022CD Bonds are being issued for the purpose of (i) refinancing a portion of the outstanding debt of the Authority, and (ii) paying certain costs of issuance. The 2022EF Bonds are being issued for the purpose of (i) financing a portion of the costs of the capital improvement program of the System, and (ii) paying certain costs of issuance. See "PLAN OF FINANCE AND REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein for additional information.

The issuance of the 2022 Bonds by the Authority for the purposes described above required the approval of the State's Joint Bond Review Committee (the "JBRC"). The JBRC approved the issuance of the 2022 Bonds on October 18, 2022. See "THE AUTHORITY – Joint Bond Review Committee Approval."

Outstanding Parity and Subordinated Indebtedness

Parity Indebtedness

As of September 30, 2022, the Authority had approximately $6.636 billion in aggregate principal amount of Revenue Obligations outstanding under the Revenue Obligation Resolution. In addition, in connection with the letter of credit provided by Bank of America, N.A. ("BofA") in support of the Authority's Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A, the Authority has entered into a reimbursement agreement with BofA (the "2019A Reimbursement Agreement"). The Authority's payment

obligations to BofA under the 2019A Reimbursement Agreement are secured by a lien upon and pledge of Revenues on parity with the pledge securing the Revenue Obligations.

Subordinated Indebtedness

As of September 30, 2022, the Authority had $119,317,000 in aggregate principal amount of Commercial Paper Notes (as defined herein) outstanding, which Commercial Paper Notes are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing the Authority's Revenue Obligations. The Authority has entered into two reimbursement agreements (the "CP Reimbursement Agreements") with Barclays Bank PLC ("Barclays Bank") pursuant to which Barclays Bank has issued two irrevocable direct pay letters of credit to provide credit support for the timely payment of principal and interest on the related sub-series of Commercial Paper Notes when due. The Authority may issue up to $300,000,000 aggregate principal amount of Commercial Paper Notes supported by the letters of credit issued pursuant to the CP Reimbursement Agreements to fund, among other things, working capital expenses and capital expenditures and to pay principal of and interest on maturing Commercial Paper Notes. The Authority's obligations to Barclays Bank under the CP Reimbursement Agreements are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing the Authority's Revenue Obligations.

In addition, the Authority currently maintains four revolving credit agreements (collectively referred to herein as the "Revolving Credit Agreements") to be used for lawful corporate purposes, which can include, among other things, funding working capital expenses and capital expenditures, the loans under which are secured by a lien on and pledge of Revenues that is junior to the lien and pledge securing the Authority's Revenue Obligations and is on parity with the Commercial Paper Notes. The Revolving Credit Agreements provide the Authority with borrowing capacity in an aggregate amount of $700,000,000. As of September 30, 2022, there were $129,400,000 of loans drawn and outstanding under the Revolving Credit Agreements.

See "THE AUTHORITY – Outstanding Indebtedness" herein for a more detailed description of the Authority's outstanding debt, including the CP Reimbursement Agreements and the Revolving Credit Agreements.

Additional Indebtedness

Additional series of Revenue Obligations may be issued on a parity with the 2022 Bonds under the Revenue Obligation Resolution without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. The Revenue Obligation Resolution does not prohibit the issuance of obligations secured by a pledge of the Revenues junior and subordinate to the pledge securing the Revenue Obligations. In addition, the Authority may issue obligations secured by a pledge of revenues derived from separate utility systems not included in the System. See "SECURITY FOR THE 2022 BONDS" and APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION – Separate Systems."

The Authority is required by law to obtain the approval of the JBRC prior to the issuance of certain of its bonds, notes, or other indebtedness, including any refinancing that does not achieve a savings in total debt service. See "THE AUTHORITY – Joint Bond Review Committee Approval."

[Remainder of page intentionally left blank]

RECENT DEVELOPMENTS

Fuel Supply Issues and Increased Commodity Prices

Continuing Limited Coal Supply

The Authority has continued to experience reduction in its contracted coal deliveries resulting from production and transportation issues initially caused by the COVID-19 pandemic and subsequently by a fire at and resulting closure of a coal mine operated by the Authority's largest and lowest cost coal supplier (the "Coal Supplier"). The Coal Supplier had been expected to provide approximately 70% of the Authority's coal supply for 2022. The coal mine was closed in August 2021 by the U.S. Mine Safety and Health Administration ("MSHA") after the fire. Partial coal production from the Coal Supplier resumed in February of 2022, and the supply to the Authority continues at a level equal to 50% of the Authority's contracted coal amounts. The Coal Supplier has provided an estimated range of possible dates for restoration to full production levels at the coal mine, but a full reopening of the mine is subject to the approval of the MSHA and cannot be predicted at this time.

Since the Authority cannot predict when the full amount of contracted coal deliveries from the Coal Supplier will resume, the Authority has assumed coal deliveries from the Coal Supplier will remain at 50% of the contracted amounts through at least 2023. Under the terms of the Authority's existing agreement with the Coal Supplier, contracted volumes in 2024 are scheduled to reduce by roughly 50% of the annual contracted volumes for 2021-2023.

The Authority has executed multiple coal supply contracts ranging from one month to approximately two and one-half years to secure replacement coal from alternate sources to supplement a portion of the Coal Supplier's shortfall that is not being replaced with natural gas and purchased power. The Authority has worked with its transportation service provider to ensure their ability to deliver coal from those alternate sources. However, the Authority's ability to receive coal may be affected by a potential strike by railroad workers which would likely curtail shipments of many commodities across the country, including coal. Although collective bargaining negotiations between U.S. freight rail carriers and the rail unions representing the railroad workers resulted in a tentative agreement in September 2022, the agreement that was reached requires ratification votes by members of the 12 rail unions, and as of the date hereof, two of such unions have voted against ratifying such agreement. Under an agreement between the rail unions and the freight rail carriers, no strike can occur before November 19, 2022. At this time, it is not known if an agreement will be reached or if a strike may occur.

Although the Authority is taking steps to ensure it has a supply of coal on hand to meet a portion of its demand, it is also continuing to manage the amount of generation from the coal units to conserve coal and replenish coal reserves. This coal conservation strategy will provide the Authority with greater flexibility to switch production to coal in the upcoming winter months where the natural gas and purchase power markets have historically been more volatile both in terms of pricing and availability. The Authority's targeted range for coal on hand is 800,000 to 1.2 million tons. As of September 30, 2022, the Authority had approximately 635,000 tons of coal on hand which equates to approximately 44 days of inventory based on average daily burns projected for 2023. The amount of coal on hand as of September 30, 2022, is below the targeted range due to increased demand for coal along with coal supply and transportation issues resulting in the inability to build coal stockpiles as quickly as anticipated. The Authority expects it will increase its coal stockpiles and reach the lower end of the targeted range for coal on hand by the end of 2022 based on the Authority's latest coal consumption and receipt projections.

Increased Natural Gas and Purchased Power Prices

As a result of the reduced deliveries of its lowest cost contracted coal, the Authority has sought to replace its coal-fired energy production with both its own natural gas-fired generation and by purchasing power in the market through short-term, market-based and longer-term bilateral contracts. The majority of the power purchases are priced based on natural gas-fired generation.

During 2022, the cost of the natural gas commodity has risen sharply, driven primarily by low national storage levels, a situation resulting in part from high demand from an uptick in domestic economic activity in 2021, alongside low production as producers are not responding to higher prices as the market expected and has experienced in previous years. A winter event in January 2022 affecting South Carolina created a tightened pipeline capacity market that caused transportation costs to be more than 12 times the Authority's annual budgeted amount for such costs during such period. The lack of pipeline capacity was exacerbated by the inability to depend on other resources by not only the Authority's system but also other similarly situated systems in the region. The market also has been impacted by the increased international demand for natural gas resulting largely from the Russian invasion of Ukraine. Additionally, increased international demand for coal has raised coal prices. Purchase power prices, which trend with natural gas markets, have increased at similar rates.

The Authority had previously hedged most of its projected natural gas needs and a portion of projected market purchases to help manage its fuel position through January 15, 2025. However, the coal supply issues, and associated measures taken by the Authority to reduce coal consumption, have resulted in natural gas consumption and market purchases above the previously projected levels for the Authority.

The Authority's Executive Energy Management Committee, which consists of members of the executive management team, meets on a monthly basis and is responsible for oversight of the Authority's fuel strategies and energy risk management programs. The Authority's staff monitors fuel supply, cost and hedging positions daily and develops long and short-term fuel forecasts on a regular basis.

Based on the Authority's most recent forecast of fuel related exposure, as of October 5, 2022, the Authority has entered into additional physical or financial hedging contracts to mitigate fuel exposure risk. The Authority has entered into contracts to manage the fuel costs for its projected fuel and purchased power needs as follows: 97% for November and December of 2022, 83% for 2023, and 75% for 2024. Percentages described are based on the Authority's currently expected fuel related exposures based on generation requirements from the assumptions included in the Authority's current fuel forecast, including, without limitation, assumptions about loads, unit availability, operational projections and the continued reduced coal production from the Coal Supplier described above. A significant portion of these hedges have been executed at prices higher than what was assumed in the 2022 budget projections. Therefore, the Authority is experiencing operating expenses that are higher than budgeted for 2022 due to inflated natural gas and purchased power pricing.

Based on a slight increase to load projections and factoring actual results as of August 31, 2022, the Authority projects fuel costs to exceed the budgeted fuel cost for 2022 by approximately $621 million and that such increase will be partially offset by approximately $125 million from an increase in revenues with impacts continuing through January 15, 2025, resulting in a net negative budget impact of $496 million for the entirety of 2022. The Authority is taking the steps described below under "– *The Authority's Mitigation, Liquidity and Funding Plan* – Fuel Supply Strategies" and "– Financial and Debt Management Strategies" as a result of the increased fuel costs.

Cook Settlement Agreement

Rate Freeze

Pursuant to the terms of the settlement agreement (the "Cook Settlement Agreement") entered into among the Authority and the other parties to a class action lawsuit relating to the Authority's decision to suspend construction of two new 1,117 megawatts ("MW") nuclear generating units ("Summer Nuclear Units 2 and 3") at the Virgil C. Summer Nuclear Generating Station in 2017 (the "Cook Case"), the Authority's Board agreed to hold its rates consistent with rates projected in the Authority's 2019 Reform Plan (defined herein) effective beginning in August of 2020 (the "Rate Freeze") and continuing (i) for the customers other than Central Electric Power Cooperative, Inc. ("Central") whose rates are subject to the Rate Freeze, through all bills rendered on or before January 15, 2025, and (ii) for Central, through service rendered on or before December 31, 2024. The respective periods are referred to herein as the "Rate Freeze Period." For additional information about the Rate Freeze, see "RATES AND RATE COMPARISON – Cook Settlement as to Rates."

Cook Rate Freeze Exceptions

Consistent with the agreement to freeze rates, the Authority agreed in the Cook Settlement Agreement not to defer any costs and expenses incurred or otherwise appropriately attributable to any year during the Rate Freeze Period to any other year or years during or after the Rate Freeze Period, *provided, however,* that the Authority may defer to rates charged in years after the Rate Freeze Period just and reasonable costs and expenses incurred during the Rate Freeze Period directly resulting from the following circumstances:

(a) a change in law (not initiated or advocated for by the Authority);

(b) named storm events, acts of God or the public enemy, flood, fire, strike, or catastrophic failure of equipment for reasons beyond the Authority's control;

(c) significant cyber security attacks or other security attacks outside of the Authority's control;

(d) changes in regulatory or governance requirements imposed by the Act 95 of 2019 ("Act 95") legislative process,

(e) certain deviations in Central's actual loads (used for allocation of demand costs) as compared to Central's billing determinants used in the Authority's plan for reform, dated January 3, 2020, submitted to the South Carolina General Assembly pursuant to Act 95 (the "Act 95 Reform Plan"), and

(f) if the Authority's costs incurred are increased above those in the Authority's Act 95 Reform Plan because the Authority is not permitted to engage in forward hedging of fuel price solely by reason of restrictions imposed by the Act 95 legislative process and solely for the period of such restrictions imposed by the Act 95 legislative process.

The exceptions listed above are referred to herein as the "Cook Rate Freeze Exceptions".

The Cook Rate Freeze Exceptions must be identified in annual reports provided by the Authority to the Court of Common Pleas for the Thirteenth Judicial Circuit (the "Court") and Central by April 30th of each year (the "Annual Cook Compliance Reports").

On April 30, 2021, the Authority filed its first Annual Cook Compliance Report (the "2020 Annual Cook Compliance Report") covering the period from August 1, 2020 through December 31, 2020 (the "2020 Reporting Period"). The 2020 Annual Cook Compliance Report identified three categories of costs and expenses occurring during the 2020 Reporting Period that qualify as Cook Rate Freeze Exceptions, including (i) $5.2 million resulting from a change in law due to the COVID-19 pandemic; (ii) $1.2 million resulting from

named storm Hurricane Isaias; and (iii) $13.3 million attributable to Central Load Deviations (collectively, the "2020 Cook Rate Freeze Exceptions").

On April 29, 2022, the Authority filed its second Annual Cook Compliance Report (the "2021 Annual Cook Compliance Report" and, together with the 2020 Annual Cook Compliance Report, the "2020 & 2021 Annual Cook Compliance Reports") covering the period from January 1, 2021 through December 31, 2021 (the "2021 Reporting Period"). The 2021 Annual Cook Compliance Report identified eight situations that fall within four categories of costs and expenses occurring during the 2021 Reporting Period that qualify as Cook Rate Freeze Exceptions. The four categories include (i) $11.9 million resulting from various changes in law; (ii) $175,000 resulting from named Tropical Storm Elsa; (iii) $43.4 million resulting from the coal mine fire and subsequent change in law that required the mine to remain closed ($37.8 million) and the fire and failure of equipment at Virgil C. Summer Nuclear Generating Station Unit 1 ($5.6 million); and (iv) $15.4 million attributable to Central Load Deviations (collectively, the "2021 Cook Rate Freeze Exceptions").

The 2020 Cook Rate Freeze Exceptions and 2021 Cook Rate Freeze Exceptions identified by the Authority in the 2020 & 2021 Annual Cook Compliance Reports total $90.7 million (the "2020 & 2021 Cook Rate Freeze Exceptions Costs"). Copies of the 2020 & 2021 Annual Cook Compliance Reports are available on the Authority's website at (https://www.santeecooper.com/About/Increasing-Value/Settlement-Reports/Index.aspx). *No statement or information on the Authority's website is incorporated by reference herein.*

The Authority will continue to file the Annual Cook Compliance Reports required by the Cook Settlement Agreement. The Annual Cook Compliance Report covering the period from January 1, 2022 through December 31, 2022 (the "2022 Reporting Period") is required to be filed by the Authority by April 30, 2023 and will, among other things, update the Court regarding the 2020 & 2021 Cook Rate Freeze Exceptions and identify new or on-going costs and expenses occurring during the 2022 Reporting Period that qualify as Cook Rate Freeze Exceptions.

Cook Exceptions Regulatory Asset

On June 27, 2022, the Board authorized the use of regulatory accounting for the 2020 & 2021 Cook Rate Freeze Exceptions Costs identified in the Authority's 2020 & 2021 Annual Cook Compliance Reports allowing the Authority to create a regulatory asset (the "Cook Exceptions Regulatory Asset") and to defer recognition on its Statement of Revenues, Expenses and Changes in Net Position of the expenses associated with those exceptions that qualify for such regulatory accounting treatment, including any future adjustments to the amount of such expenses (the "Cook Deferred Expenses"). In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 62, creating this regulatory asset allows the Authority to recognize the Cook Deferred Expenses over the time period the Authority expects to recover them through future rates after the Rate Freeze Period has ended thus matching expenses and revenues. While the use of regulatory accounting defers the recognition on the Authority's Statements of Revenues, Expenses and Changes in Net Position of these expenses during the Rate Freeze Period, it does not defer the Authority's obligation to pay these expenses. See "– Funding of Cook Deferred Expenses" below for a description of how the Authority plans to fund these expenses from the proceeds of the issuance of Commercial Paper Notes and draws on the Revolving Credit Agreements.

As of September 30, 2022, the Authority has recorded a total of $251 million of Cook Deferred Expenses in the regulatory account associated with the Cook Exception Regulatory Asset. This amount includes (i) approximately $71.3 million of the $90.7 million of the 2020 & 2021 Cook Rate Freeze Exceptions Costs that qualified for regulatory accounting treatment and (ii) an estimated $179 million of costs and expenses the Authority has incurred for the period beginning January 1, 2022 through September 30, 2022 that are related to the coal mine fire and closure exceptions identified in the 2021 Annual Cook Compliance Report and which qualify for regulatory accounting treatment.

The Authority's projections reflect recording a total of approximately $360 million ($350 million operating expenses and $10 million non-operating expenses) of Cook Deferred Expenses in the regulatory account through December 31, 2022. This projected amount includes estimated adjustments for the on-going coal mine fire and closure exceptions identified in the 2021 Annual Cook Compliance Report but does not include any other potential adjustments to the 2020 & 2021 Cook Rate Freeze Exceptions Costs or any new exceptions that may be identified in the 2022 Reporting Period.

Because they occurred in 2022, the Cook Deferred Expenses recorded by the Authority in the regulatory account in excess of the $90.7 million of Cook Rate Freeze Exceptions Costs identified in the 2020 & 2021 Annual Cook Compliance Reports have not been included in an Annual Cook Compliance Report filed with the Court. Based on the ongoing closure of the coal mine, the Authority expects that the mine fire and closure event will continue to be identified as an exception in the 2022 Annual Compliance Report, which will be filed by April 30, 2023.

The Authority's Cost Mitigation, Liquidity and Funding Plan

As described herein under "– Cook Settlement Agreement – *Rate Freeze*," the majority of the Authority's rates for its customers are locked during the Rate Freeze Period. Therefore, unlike many utilities, the Authority is not currently able to adjust rates for the majority of its customers through fuel adjustment mechanisms. In light of its inability to increase rates for the majority of its customers during the Rate Freeze Period, the Authority is proactively identifying, evaluating and implementing steps to mitigate the impact of these estimated fuel cost increases (net of increased revenues), while preserving the financial integrity of the Authority in accordance with good business practices and the requirements of applicable licenses, laws, and regulations.

The Authority believes that the mitigation strategies described below (the "Authority's Cost Mitigation, Liquidity and Funding Plan") will lower the potential impacts of the increased costs of fuel and purchased power while providing sufficient liquidity for the Authority to manage its operations during the Rate Freeze Period.

Fuel Supply Strategies. As described above under "– *Continuing Limited Coal Supply*" and *"– Increased Natural Gas and Purchased Power Prices*," the Authority is taking measures to manage its fuel supply and fuel cost increases including, among other things, building its coal stockpiles and optimizing the use of coal-fired generation to lower overall costs. As described above under *"– Increased Natural Gas and Purchased Power Prices*," the Authority is also managing its fuel costs by increasing its natural gas financial hedge contracts to hedge additional volumes of gas. Additionally, the Authority has completed forward market purchases for the remainder of 2022 and will continue to evaluate the execution of additional forward transactions for the balance of 2022 and for the remainder of this decade.

Based on the hedging transactions completed to date and the current fuel and purchase power projections, the Authority expects that its fuel and purchased power costs for 2023 and 2024 will be below levels experienced in 2022, although higher than originally projected in the Authority's 2022 budget and higher than projected and included in the Settlement Rates (as defined herein under "RATES AND RATE COMPARISON – Cook Settlement as to Rates"). The impact on 2023 and 2024, net of increased revenues, is projected to result in a reduction in operating margins of approximately $257 million and $112 million in 2023 and 2024 as compared to the 2022 budget projections. A portion of the projected 2023 increase in fuel and purchased power costs is attributable to the continued effects of the coal mine fire and closure on the Authority's contracted coal supply. The Authority expects these costs will continue to be identified as exceptions in the Annual Cook Compliance Reports. In addition, the financial and debt management strategies described below, including the defeasance of $85 million of debt maturing in 2023 and $50 million of debt maturing in 2024, will also help the Authority to manage the reductions in operating margins.

Financial and Debt Management Strategies. The Authority has adjusted its financial strategies in response to the fuel supply and cost issues to manage the impacts on available cash in 2022 and reduce cash outflows in 2023 and 2024. In addition to lowering its 2022 capital budget by $70 million and operations and maintenance budget by $30 million, the Authority is taking measures to address the costs in its 2023 and 2024 budgets which currently are under development. In addition, the following debt management strategies have been incorporated into the Authority's current financial plan: (i) execution of the Authority's plan to use $85 million previously set aside to defease certain 2023 bond maturities, (ii) defeasing approximately $50 million of certain 2024 bond maturities, (iii) refunding $174,980,000 principal amount of its Revenue Obligations, 2016 Taxable Series D maturing on December 1, 2023 to restructure the debt service payments on such Obligations (see "PLAN OF FINANCE AND REFUNDING PLAN"), and (iv) issuing Commercial Paper Notes or drawing on the Revolving Credit Agreements as needed to fund a portion of the Cook Deferred Expenses. While such strategies are included in the current financial plan, the execution of such strategies and related transactions is subject to market conditions and other considerations.

Funding of Cook Deferred Expenses. As described under "– Cook Settlement Agreement – *Rate Freeze"* and *"– Cook Rate Freeze Exceptions*," the Authority's Board approved the use of regulatory accounting to establish the Cook Exceptions Regulatory Asset. While the use of regulatory accounting defers the recognition of the Cook Deferred Expenses, it does not defer the Authority's obligation to pay these expenses. The Authority plans to issue Commercial Paper Notes and draw on its Revolving Credit Agreements as needed during the Rate Freeze Period to provide funds for the payment of a portion of the Cook Deferred Expenses. The Authority has increased the amounts and diversified the providers of the bank credit facilities for its Commercial Paper Notes and Revolving Credit Agreements to provide sufficient capacity for funding a portion of the Cook Deferred Expenses and to provide additional liquidity. As of September 30, 2022, the Authority has borrowed $110 million under its Revolving Credit Agreements to fund a portion of the Cook Deferred Expenses and anticipates having borrowed under its Revolving Credit Agreements or issued Commercial Paper in a combined total amount of $256 million* by December 31, 2022 for this purpose. See "INTRODUCTION – Outstanding Parity and Subordinated Indebtedness," "RECENT DEVELOPMENTS – Cook Settlement Agreement" and "THE AUTHORITY – Outstanding Indebtedness."

Liquidity Position. The Authority projects that its cash-on-hand will decrease to approximately $294.0 million as of December 31, 2022, equating to 62 days of normal operating expenses. Liquidity (defined as cash and capacity available under the Authority's bank credit facilities for its Commercial Paper Notes and Revolving Credit Agreements) is projected to decrease to $899.0 million as of December 31, 2022, equating to approximately 189 days of normal operating expenses. Based on current projections, the Authority expects that its days' cash-on-hand will increase to the 80 to 90-day range by the end of 2023, with days' liquidity in the 190-200 day range for 2023 and 2024.

The Authority is also projecting that it will have approximately $170 million of hedging collateral on-hand as of December 31, 2022 transferred to the Authority by counterparties to the Authority's fuel hedges who are required to post collateral pursuant to the terms of such fuel hedges. This hedging collateral is not included in the Authority's days' cash or days' liquidity calculations.

The Authority has utilized cash together with proceeds of draws on its Revolving Credit Agreements and issuance of Commercial Paper Notes, exceeding amounts originally anticipated according to the Authority's 2021 and 2022 budgets. As of September 30, 2022, the Authority has $371.4 million of available

* This total amount anticipated as being borrowed as of December 31, 2022 was incorrectly shown as $225 million in the Preliminary Official Statement dated November 1, 2022. Such amount was correctly identified as $256 million in footnote 2 of the table titled "Projected Cash and Liquidity" below.

cash and unrestricted reserves (excluding hedging collateral on hand) and $751.3 million of capacity available under its bank credit facilities for its Commercial Paper Notes and Revolving Credit Agreements.

Projected Cash, Liquidity and Debt Service Coverage

The Authority's 2023 budget is under development and is scheduled to be presented to the Board of Directors in December 2022.

The Authority's projections of its unrestricted cash amounts and available capacity under its bank credit facilities for its Commercial Paper Notes and Revolving Credit Agreements as of December 31, 2022, 2023 and 2024 as well as the debt service coverage projections for 2022, 2023 and 2024 set forth in the tables below are based on preliminary estimates for the non-fuel operating expenses and capital expenditures and include certain operational and financial assumptions including, but not limited to, the following: (1) energy sales increasing at the rate of 2% annually, (2) the coal mine supplier remains at 50% of production levels and provides 50% of the contracted supply through the end of 2023, (3) commodity costs beyond 2022 reflect a trend back to more typical pricing levels, with natural gas prices assumed to be $8.63, $5.92 and $4.79 per MMBtu for the remainder of 2022, 2023 and 2024 respectively, (4) the Authority's fuel procurement and hedging activity through August 2022 for the remainder of 2022, 2023 and 2024 fiscal years, (5) anticipated capital and operating budget reductions totaling $100 million in 2022, (6) estimated impact of deferral of the Cook Deferred Expenses to the Cook Exceptions Regulatory Asset of $350 million of operating expenses and $10 million of non-operating expenses in 2022 and $201 million of operating expenses in 2023 (which amounts do not include any amounts that could result from additional exceptions that may be identified), (7) the defeasance of $85 million and $50 million of bonds maturing in 2023 and 2024, respectively, (8) other expected debt management activities, and (9) other revenue and cost mitigation measures.

Projected Cash and Liquidity. Based on updated financial forecast projections prepared by the Authority as of October 24, 2022, the Authority estimates that unrestricted cash and available capacity under its bank credit facilities for its Commercial Paper Notes and Revolving Credit Agreements will be as set forth in the following table as of December 31, 2022, 2023 and 2024. These amounts reflect projected issuance of Commercial Paper Notes and draws on Revolving Credit agreements to fund a portion of the Cook Deferred Expenses through the end of the Rate Freeze Period.

Projected Cash and Liquidity (in $ millions)

		December 31,	
	2022	**2023**	**2024**
Commercial Paper Notes and Revolving Credit Agreements			
Total Capacity	$1,000	$1,000	$1,000[1]
Capacity Used[2]	(395)	(535)	(564)
Capacity Available	$ 605	$ 465	$ 436
Unrestricted Cash (exclusive of hedging collateral)	$ 294	$ 342	$ 311
Total Liquidity	$ 899	$ 807	$ 747
Days' Cash on Hand[3]	62	81	82
Days' Liquidity on Hand[3]	189	192	197

(1) Certain of these facilities are scheduled to expire in accordance with their terms in 2024. The Authority expects that these facilities will be extended or replaced prior to their stated expiration dates. See "THE AUTHORITY – Outstanding Indebtedness – *Subordinated Debt.*"

(2) Included in estimate of capacity used is $256 million, $439 million and $461 million at December 31, 2022, 2023 and 2024, respectively, associated with funding the Cook Deferred Expenses.

(3) Days' Cash on Hand and Days' Liquidity on Hand each reflects the unrestricted cash (exclusive of hedging collateral) shown in this table as well as the Total Operating Expenses (excluding deferral of the Cook Deferred Expenses) reflected in the Projected Debt Service Coverage table shown below.

Projected Debt Service Coverage. Based on updated financial forecast projections prepared by the Authority as of October 24, 2022, the Authority expects to have debt service coverage ratios for the years ending December 31, 2022, 2023 and 2024 as shown in the following table. As noted in the chart below, the Authority is projecting that debt service coverage ("DSC") for 2022, including deferral of the Cook Deferred Expenses to the Cook Exceptions Regulatory Asset, will be approximately 1.22x. The projected DSC for 2022, excluding the deferral of the Cook Deferred Expenses, will be approximately 0.42x.

Projected Debt Service Coverage (in $ millions)*

	2022	2023	2024
Operating Revenues	$1,950	$1,942	$1,924
Operating Expenses..			
Fuel & Purchase Power	$1,301	$1,026	$871
Non-Fuel Operating Expenses	440	495	500
Regulatory Asset: Cook Deferred Expenses....	(350)	(201)	--
Total Operating Expenses.................................	$1,391	$1,320	$1,372
Operating Margin**	$559	$622	$552
Debt Service	$440	$361	$399
Debt Service Coverage Ratio, *including* Cook Deferred Expenses..................................	1.22x	1.68x	1.34x
Debt Service Coverage Ratio, *excluding* Cook Deferred Expenses.....................................	0.42x	1.12x	1.34x

* Information is this table is as of October 24, 2022. The Authority's 2023 budget is under development and is scheduled to be presented to the Board of Directors in December 2022.

** This line item was incorrectly titled "Funds Available for Debt Service" in the Preliminary Official Statement dated November 1, 2022.

Although the financial forecast projections prepared by the Authority as of October 24, 2022 and described above are based on operational and financial assumptions that the Authority believes to be reasonable, the achievement of certain results or other expectations contained in such projections is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results or expectations expressed or implied by such projections.

Summary. The Cook Settlement Agreement allows for the recovery of the expenses identified as 2020 & 2021 Cook Rate Freeze Exceptions Costs through rates and charges after the Rate Freeze Period. Given the projected impacts of the Authority's Cost Mitigation, Liquidity and Funding Plan, the Authority expects that projected Revenues using the Settlement Rates during the Rate Freeze Period established by the Cook Settlement Agreement, along with the establishment of the Cook Exceptions Regulatory Asset, will be sufficient to meet the Authority's obligations under its Revenue Obligation Resolution and the Act.

To the extent the rents, tolls, rates and other charges for power and energy and all other services, facilities and commodities sold, furnished, or supplied through the facilities of the System, in combination with the Authority's Cost Mitigation, Liquidity and Funding Plan described above, do not provide sufficient Revenues to meet the Authority's payment obligations under the Revenue Obligation Resolution, the rate covenant in the Revenue Obligation Resolution would obligate the Authority to revise and alter such schedule of rents, tolls, rates and other charges, and adopt such additional schedules so that the Revenues so derived will be sufficient to meet the Authority's payment obligations. See "SECURITY FOR THE 2022 BONDS – Rate Covenant" and APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

As stated in each of the 2020 Annual Cook Compliance Report and the 2021 Annual Cook Compliance Report, the Authority's position is that it is in full compliance with the amended final order approving the Cook Settlement Agreement. While the Authority expects to be able to meet its obligations under the Act and the

Revenue Obligation Resolution and to remain in compliance with the Cook Settlement Agreement during the Rate Freeze Period, the Authority cannot predict future events and their potential effects on the Authority.

Other Matters Relating to Cook Settlement Agreement

Payment to Common Benefit Fund

In accordance with the Cook Settlement Agreement, the Authority paid $70 million as its third and final payment to the Common Benefit Fund (the "Common Benefit Fund") established for the benefit of class members on September 26, 2022.

2020 and 2021 Cook Compliance Report Proceedings

As allowed by the Cook Settlement Agreement, on June 9, 2021, Central filed with the Court a request for the appointment of an independent auditor to review the Authority's compliance as to three transactions: (i) using funds specifically allocated for capital projects to retire a scheduled balloon payment in 2023 while borrowing new money to fund existing capital project needs, (ii) restructuring existing debt, and (iii) using funds on hand to pay the first $65 million installment to the Common Benefit Fund. On September 10, 2021, the Court deferred any judicial action on Central's request.

On May 12, 2022, counsel to the class members (the "Class Counsel") sent a letter to the Authority regarding the 2021 Cook Rate Freeze Exceptions and requested additional information. The Authority provided the requested information on June 15, 2022. On June 22, 2022, the Authority received a letter from Central, which included comments, questions, objections, and requested additional information. The Authority responded to Central's letter and provided the same information provided to Class Counsel.

On September 9, 2022, Class Counsel filed with the Court a motion challenging the 2021 Cook Rate Freeze Exceptions identified by the Authority in its 2021 Annual Cook Compliance Report. The Authority submitted an initial response on September 19, 2022. On September 26, 2022, the Court entered an order denying Class Counsel's (i) motion to rule on the applicability of the 2021 Cook Rate Freeze Exceptions and (ii) the request to appoint an independent auditor. Following the Court's order, the Authority updated the Court on October 14, 2022, indicating that discussions about the exceptions with Central and Class Counsel are ongoing. A copy of the Court's order entered on September 26, 2022 may be found at the following address: https://www2.greenvillecounty.org/SCJD/PublicIndex/PIImageDisplay.aspx?ctagency=23002&doctype=D&docid=1664195402353-012&HKey=66981037588821058310010811112070891199711283974855657852739957507666731141147510275477851717612065. *No statement or information on this website is incorporated by reference herein.*

Winyah Generating Station

In March 2021, as part of the Authority's goal of reducing its reliance on coal-fired generation and to take advantage of the retirement exemption in the NPDES Steam Electric Effluent Limitation Guidelines ("ELG"), the Board approved the retirement of all of the units of the Winyah Generating Station and authorized management to take steps necessary to affect an orderly retirement by December 2028.

As part of the phased retirement of the Winyah Generating Station, Winyah Unit 4 was idled in April 2021 as a result of the Authority having excess capacity on its system. The other units at the Winyah Generating Station, specifically Unit 1, Unit 2 and Unit 3, have remained active in the capacity reserves and on economic dispatch. Winyah Unit 4 was brought back online in December 2021, ahead of the winter season to provide additional grid resiliency during peak load periods on an as-needed basis. At that time, the unit's capacity was not counted in the planning reserves and it was not economically dispatched. However, the

Authority's 2022 updated 20-year demand and energy projections reflected greater load growth than previous projections. Additionally, in connection with the development of the Authority's triennial integrated resource plan (the "2023 IRP"), the Authority is studying the appropriate levels of planning reserves margins for the System. The planning reserve margin study prepared by an outside consultant hired in connection with the development of the 2023 IRP, indicated a need for increased planning reserve margins by 2026. The combination of projected increase in load growth of the System and increased planning reserve margins has resulted in a near term capacity need. In response to this capacity need, the Authority has made the decision to return Winyah Unit 4 to its capacity planning reserves ahead of the upcoming winter season to ensure that the Authority has sufficient capacity during peak load periods. The return of Winyah Unit 4 is not expected to increase the Authority's overall energy output from coal units due to coal supply issues and the Authority's efforts to conserve coal consumption. See "– Fuel Supply Issues and Increased Commodity Prices – *Continuing Limited Coal Supply.*"

Central Option Relating to Proposed Natural Gas Combined Cycle Shared Resource

The Authority supplies the total power and energy requirements of Central pursuant to the terms of a coordination agreement between Central and the Authority (as subsequently amended or revised, the "Central Agreement"). See "CUSTOMER BASE – Wholesale Customers – *Central*". The Central Agreement includes provisions relating to resource planning processes, including outlining how the parties will jointly plan and determine the need for new resources. When new major resources are needed to serve the System, the resource commitment process defined in the Central Agreement requires the Authority to propose major resources (Proposed Shared Resource or "PSR") to Central, and Central must decide whether or not it will participate in the PSR. If Central decides to participate ("Opt In"), the costs for the PSR will be included and shared under the Central Agreement. If Central decides not to participate ("Opt Out"), the parties will obtain their own resources based on their *pro rata* share of the PSR, and each party will be responsible for the cost of its own non-shared resources ("NSR").

In 2020 and 2021, the Authority worked with Central for the joint planning of future resources and developed a generation expansion plan that included a portfolio of diverse generation resources, including a natural gas combined cycle facility to become operational in the late 2020s. In January 2022, the Authority proposed a natural gas combined cycle generation facility to be in operation by the end of 2028 as a PSR. The PSR represents a resource needed to supply the Authority's system and to provide capacity and other capabilities following the retirement of the Winyah Generating Station. On April 28, 2022, Central notified the Authority that it would Opt Out of the PSR, and contractually both Central and the Authority were required to develop and share plans for NSRs required to meet their respective *pro rata* shares of the PSR, including all other capabilities necessary to support the System. The Authority's share is estimated to be 31%. In accordance with the terms of the Central Agreement, the Authority has developed plans for a smaller natural gas combined cycle unit as its NSR to meet its obligation. The implementation of the proposed NSR is contingent on the approval of the Authority's 2023 Integrated Resource Plan (IRP) by the SCPSC. On October 24, 2022, Central notified the Authority that it intends to fulfill its NSR obligation through a combination of resources, which include power purchase agreements, load transfer to alternative balancing authority areas, batteries, and distributed energy resources and noted that the allocation between these resources is contingent upon ongoing negotiations. At this point, additional details of Central's proposed NSR have not been provided. The Authority intends to work with Central to ensure the combined NSRs, meet the requirements of the Central Agreement. The decision of Central to Opt Out of the PSR does not impact Central's allocation of costs related to existing resources.

PLAN OF FINANCE AND REFUNDING PLAN

2022CD Bonds

A portion of the proceeds of the 2022CD Bonds, together with other available moneys of the Authority, is expected to be applied to refinance outstanding Revenue Obligations set forth in the table below (the "Refunded 2016 Series D Bonds") on December 1, 2023, and to pay certain costs of issuance. The refinancing of the Refunded 2016 Series D Bonds will not result in debt service savings but will restructure and result in more level annual debt service payments as part of the Authority's plans to manage its cash flow. The refinancing of the Refunded 2016 Series D Bonds is contingent upon the delivery of the 2022CD Bonds.

Series	Maturity Date	Principal Amount Outstanding	Principal Amount to be Refunded	Interest Rate	CUSIP*
2016 Taxable Series D	12/1/2023	$174,980,000	$174,980,000	2.388%	837151WM7

Moneys sufficient to pay the principal of and interest on the Refunded 2016 Series D Bonds on the maturity date therefor will be derived from the proceeds of the 2022CD Bonds and other available funds of the Authority (the "Defeasance Proceeds").

Simultaneously with the issuance of the 2022CD Bonds, the Authority will enter into an escrow deposit agreement or escrow deposit agreements for the Refunded 2016 Series D Bonds (collectively, the "Escrow Deposit Agreement") with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"). The Authority will deposit the Defeasance Proceeds in one or more escrow accounts with the Escrow Agent pursuant to the Escrow Deposit Agreement. The Defeasance Proceeds on deposit in the escrow account will be in an amount sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded 2016 Series D Bonds when due. The Defeasance Proceeds will be invested in Permitted Investments pursuant to the terms of the Escrow Deposit Agreement.

The accuracy of the mathematical computations of the adequacy of the principal of and interest on the securities and the moneys to be on deposit in the escrow accounts to provide for the payment when due of the principal of, redemption premium, if any, and interest on the Refunded 2016 Series D Bonds will be verified at the time of delivery of the 2022 Bonds by Samuel Klein and Company, Certified Public Accountants. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

Upon deposit of the Defeasance Proceeds with the Escrow Agent pursuant to the Escrow Deposit Agreement and in compliance with certain other provisions of the Revenue Obligation Resolution, the Refunded 2016 Series D Bonds shall no longer be deemed "Outstanding" within the meaning of the Revenue Obligation Resolution.

2022EF Bonds

A portion of the proceeds of the 2022EF Bonds, together with other available moneys of the Authority, will be used to finance a portion of the costs of the Authority's capital improvement program for the System and to pay certain costs of issuance.

* The Authority is not responsible for the accuracy or completeness of the CUSIP numbers.

ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the 2022 Bonds.

Sources of Funds	
Principal Amount of the 2022 Bonds	$ 621,490,000.00
Net Original Issue Premium (Discount)	15,890,435.40
Other Available Funds of the Authority	1,741,051.00
Total	$ 639,121,486.40
Application of Funds	
Deposit to the Bond Proceeds Fund	$ 457,839,275.01
Deposit to the Escrow Account(s)	172,450,381.25
Financing Costs [1]	8,831,830.14
Total	$ 639,121,486.40

(1) Includes 2022 Bonds costs of issuance, underwriters' discount, bond insurance premium, and additional proceeds.

[Remainder of page intentionally left blank]

DEBT SERVICE REQUIREMENTS

The following table sets forth on an accrual basis the estimated annual debt service due on the Authority's outstanding Revenue Obligations, principal of and interest on the 2022 Bonds and total debt service on all Revenue Obligations to be outstanding after the issuance of the 2022 Bonds in each calendar year indicated. **Amounts are shown in thousands of dollars and are rounded up or down to the nearest one thousand dollars**.

Year Ending Dec. 31[(1)]	Total Debt Service on Outstanding Revenue Obligations[(2)(3)(4)]	Principal on 2022 Bonds	Interest on 2022 Bonds	Total Debt Service on the 2022 Bonds and Outstanding Revenue Obligations
2022	$ 209,593	$ 1,118	$ 3,199	$ 213,910
2023	394,467	12,293	36,503	443,263
2024	401,440	540	34,532	436,512
2025	417,615	6,478	34,500	458,593
2026	417,431	7,096	34,125	458,652
2027	417,409	13,605	33,713	464,727
2028	419,498	14,378	32,946	466,822
2029	417,580	16,331	32,125	466,036
2030	419,897	24,608	31,186	475,691
2031	419,634	23,104	29,768	472,506
2032	419,385	18,333	28,427	466,145
2033	416,808	19,340	27,357	463,505
2034	416,556	20,426	26,274	463,256
2035	406,317	21,581	25,126	453,024
2036	416,780	22,985	23,908	463,673
2037	385,632	27,799	22,606	436,037
2038	345,717	44,297	21,020	411,034
2039	345,707	29,384	18,556	393,647
2040	345,698	31,061	16,827	393,586
2041	345,691	32,827	14,998	393,516
2042	345,683	32,912	13,065	391,660
2043	345,672	14,957	11,128	371,757
2044	376,125	15,766	10,268	402,159
2045	381,912	16,618	9,362	407,892
2046	356,533	17,504	8,406	382,443
2047	297,461	18,625	7,400	323,486
2048	293,770	21,531	6,335	321,636
2049	286,093	22,686	5,175	313,954
2050	262,742	23,901	3,952	290,595
2051	264,989	25,183	2,663	292,835
2052	261,699	24,223	1,306	287,228
2053	253,589	-	-	253,589
2054	195,879	-	-	195,879
2055	106,971	-	-	106,971
2056	39,767	-	-	39,767
Total	$11,847,740	$621,490	$606,756	$13,075,986

(1) Debt service payments due January 1 of the next succeeding year are included in the prior year's debt service payments.

(2) Excludes debt service on outstanding Commercial Paper Notes and loans under the Revolving Credit Agreements, which are secured on a subordinate basis to the Revenue Obligations.

(3) Net of Subsidy Payments (hereinafter defined). At time of issuance of the Authority's Revenue Obligations, 2010 Series C Bonds (the "2010C Bonds"), subject to the Authority's compliance with certain requirements under the American Recovery and Reinvestment Act of 2009 and Code, the Authority expected to receive cash subsidy payments from the United States Treasury which were expected to equal to 35% of the interest payable on the 2010C Bonds (any such payment, a "Subsidy Payment"). Pursuant to the requirements of the Federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions took place effective March 1, 2013, including a reduction in refundable credits under Section 6431 of the Code applicable to certain qualified bonds, including the Subsidy Payment with respect to the 2010C Bonds. As a result, a projected sequestration reduction rate has been applied to all Subsidy Payments. The debt service on the Revenue Obligations has been adjusted to reflect such reductions.

(4) Excludes debt service on Refunded 2016 Series D Bonds. See "PLAN OF FINANCE AND REFUNDING PLAN." Interest on the Variable Rate Revenue Obligations 2019 Tax-Exempt Refunding Series A is projected at an interest rate of 2.75% for the remainder of 2022, 3.25% in 2023 and 3.50% thereafter until maturity. Actual outstanding principal and rates are updated through November 1, 2022.

DESCRIPTION OF THE 2022 BONDS

General

The 2022 Bonds will be issued in the aggregate principal amounts, mature on the dates and bear interest from their date of delivery at the respective rates per annum set forth on pages (i) and (ii) hereof.

Interest on the 2022 Bonds will be payable semiannually on June 1 and December 1 of each year commencing on June 1, 2023 (each, an "Interest Payment Date"). The 2022 Bonds are issuable only in fully registered form in denominations of $5,000 or any integral multiple thereof. The record date for the payment of principal of and interest on the 2022 Bonds will be the May 15 or November 15 immediately preceding an Interest Payment Date (the "Record Date"). The 2022 Bonds are being issued in book-entry only form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See APPENDIX C – "PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" attached hereto.

Redemption Provisions – 2022C Bonds

Optional Redemption of 2022C Bonds

The 2022C Bonds maturing on and after December 1, 2033, are subject to redemption prior to maturity at the election of the Authority on any Business Day on or after December 1, 2032, in whole or in part, at a Redemption Price of 100% of the principal amount thereof together with accrued interest, if any, to the redemption date.

Selection of 2022C Bonds to be Redeemed

Whenever less than all of the outstanding 2022C Bonds of a maturity are to be redeemed on any one date, the Trustee will select the 2022C Bonds to be redeemed from the outstanding 2022C Bonds of such maturity by lot (provided that so long as the 2022C Bonds shall remain immobilized at DTC, such 2022C Bonds shall be selected in such manner as DTC shall determine); provided, however, that for any 2022C Bond of a denomination of more than the minimum denomination, the portion of such 2022C Bond to be redeemed must be in a principal amount equal to such minimum denomination or an integral multiple thereof.

Redemption Provisions – 2022D Bonds

Optional Redemption of 2022D Bonds

The 2022D Bonds are subject to redemption prior to their respective maturities at the option of the Authority, in whole or in part (and if in part on a *pro rata* basis), on any Business Day, at the Make-Whole Redemption Price (as defined below) determined by the Authority. Notwithstanding the foregoing, if at any time the Make-Whole Redemption Price is a price greater than the price the Authority can legally agree to pay to optionally redeem the 2022D Bonds under the provisions of the Act (currently 105%), the Authority shall not have an option to redeem the 2022D Bonds at that time.

> "*Make-Whole Redemption Price*" means the greater of (i) the issue price of the 2022D Bonds (but not less than 100% of the principal amount) to be redeemed, as applicable, or (ii) the sum of the present values of the remaining scheduled payments of principal on the 2022D Bonds to be redeemed to the applicable maturity date, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2022D Bonds are to be redeemed, discounted to the date on which such 2022D Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" (described below) plus (a) for the 2022D Bonds

maturing December 1, 2023, 20 basis points, (b) for the 2022D Bonds maturing December 1, 2025, 25 basis points, (c) for the 2022D Bonds maturing December 1, 2026, 30 basis points, (d) for the 2022D Bonds maturing December 1, 2027, 25 basis points, (e) for the 2022D Bonds maturing December 1, 2028 through and including December 1, 2030, 30 basis points, (f) for the 2022D Bonds maturing December 1, 2031 through and including December 1, 2036, 35 basis points and (g) for the 2022D Bonds maturing December 1, 2042, 30 basis points, and, in each case, unpaid interest on such 2022D Bonds to be redeemed to but not including the respective redemption date.

"*Business Day*" means (i) a day other than a day on which commercial banks located in New York, New York or the city or cities in which the designated office of the Trustee or the Paying Agent are required or authorized by law to close and (ii) a day other than a day on which the New York Stock Exchange is closed.

"*Treasury Rate*" means, with respect to any redemption date for any applicable maturity of a 2022D Bond, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such 2022D Bond (taking into account any sinking fund installments for such 2022D Bonds); however, if the period from the applicable redemption date to such maturity date (taking into account any sinking fund installments for such 2022D Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation or indexed securities) or, if such Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee.

Mandatory Redemption of 2022D Bonds

The 2022D Bonds maturing on December 1, 2042, are subject to mandatory redemption from sinking fund installments required by the Fifty-Fifth Supplemental Resolution, without premium, plus accrued interest to the redemption date, on December 1 of each of the following years and in the amounts as follows:

December 1	Principal Amount
2037	$ 8,340,000
2038	8,880,000
2039	9,450,000
2040	10,060,000
2041	10,705,000
2042†	11,400,000

† Final Maturity Date.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any mandatory redemption date, the Authority may (i) deliver to the Paying Agent for cancellation 2022D Bonds subject to mandatory redemption in part on such redemption date, in any aggregate principal amount desired, or (ii) receive a credit in respect of its mandatory redemption obligation for any 2022D Bonds of a maturity subject to mandatory redemption in part on such redemption date, which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the Authority and cancelled by the Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation. Each such 2022D Bond so delivered or previously purchased or redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof on the obligation of the Authority on such respective mandatory redemption obligations on a *pro rata* basis as between the applicable outstanding principal amount of each sinking fund installment of such maturity (except as may be otherwise authorized by

the Authority in writing), and the principal amount of such 2022D Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

Selection of 2022D Bonds to be Redeemed

If the 2022D Bonds are not registered in book-entry form and in the event that less than all of the 2022D Bonds of any applicable maturity are to be redeemed, the particular 2022D Bonds or portions thereof to be redeemed will be selected by the Trustee *pro rata* in such manner as the Trustee shall deem appropriate and fair, provided, however, that for any 2022D Bond of a denomination of more than the minimum denomination, the portion of such 2022D Bond to be redeemed must be in a principal amount equal to such minimum denomination or an integral multiple thereof. If the 2022D Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2022D Bonds, if less than all of the 2022D Bonds of a maturity are to be redeemed, the particular 2022D Bonds or portions thereof to be redeemed will be selected by DTC for redemption in accordance with the DTC procedures then in effect. Any failure of DTC to make such determination will not affect the sufficiency or the validity of the redemption of 2022D Bonds to be redeemed.

Redemption Provisions – 2022E Bonds

Optional Redemption of 2022E Bonds

The 2022E Bonds maturing on and after December 1, 2033, are subject to redemption prior to maturity at the election of the Authority on any Business Day on or after December 1, 2032, in whole or in part, at a Redemption Price of 100% of the principal amount thereof together with accrued interest, if any, to the redemption date.

Mandatory Redemption of 2022E Bonds

The 2022E Bonds maturing on December 1, 2047, are subject to mandatory redemption from sinking fund installments required by the Fifty-Sixth Supplemental Resolution, without premium, plus accrued interest to the redemption date, on December 1 of each of the following years and in the amounts as follows:

December 1	Principal Amount
2043	$14,890,000
2044	15,695,000
2045	16,545,000
2046	17,425,000
2047†	18,370,000

† Final Maturity Date.

The 2022E Bonds maturing on December 1, 2052, bearing interest at a rate of 5.750% per annum and with the par amount of $62,150,000, are subject to mandatory redemption from sinking fund installments required by the Fifty-Sixth Supplemental Resolution, without premium, plus accrued interest to the redemption date, on December 1 of each of the following years and in the amounts as follows:

December 1	Principal Amount
2048	$11,165,000
2049	11,765,000
2050	12,395,000
2051	13,060,000
2052†	13,765,000

† Final Maturity Date.

The 2022E Bonds maturing on December 1, 2052, bearing interest at a rate of 5.000% per annum and with the par amount of $57,160,000, are subject to mandatory redemption from sinking fund installments required by the Fifty-Sixth Supplemental Resolution, without premium, plus accrued interest to the redemption date, on December 1 of each of the following years and in the amounts as follows:

December 1	Principal Amount
2048	$10,270,000
2049	10,820,000
2050	11,400,000
2051	12,010,000
2052†	12,660,000

† Final Maturity Date.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any mandatory redemption date, the Authority may (i) deliver to the Paying Agent for cancellation 2022E Bonds subject to mandatory redemption in part on such redemption date, in any aggregate principal amount desired, or (ii) receive a credit in respect of its mandatory redemption obligation for any 2022E Bonds of a maturity subject to mandatory redemption in part on such redemption date, which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the Authority and cancelled by the Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation. Each such 2022E Bond so delivered or previously purchased or redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof on the obligation of the Authority on such respective mandatory redemption obligations in chronological order (except as may be otherwise authorized by the Authority in writing), and the principal amount of such 2022E Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

Selection of 2022E Bonds to be Redeemed

Whenever less than all of the outstanding 2022E Bonds of a maturity are to be redeemed on any one date, the Trustee will select the 2022E Bonds to be redeemed from the outstanding 2022E Bonds of such maturity by lot (provided that so long as the 2022E Bonds shall remain immobilized at DTC, such 2022E Bonds shall be selected in such manner as DTC shall determine); provided, however, that for any 2022E Bond of a denomination of more than the minimum denomination, the portion of such 2022E Bond to be redeemed must be in a principal amount equal to such minimum denomination or an integral multiple thereof.

Redemption Provisions – 2022F Bonds

Optional Redemption of 2022F Bonds

The 2022F Bonds are subject to redemption prior to their respective maturities at the option of the Authority, in whole or in part (and if in part on a *pro rata* basis), on any Business Day, at the Make-Whole Redemption Price (as defined below) determined by the Authority. Notwithstanding the foregoing, if at any time the Make-Whole Redemption Price is a price greater than the price the Authority can legally agree to pay to optionally redeem the 2022F Bonds under the provisions of the Act (currently 105%), the Authority shall not have an option to redeem the 2022F Bonds at that time.

> "*Make-Whole Redemption Price*" means the greater of (i) the issue price of the 2022F Bonds (but not less than 100% of the principal amount) to be redeemed, as applicable, or (ii) the sum of the present values of the remaining scheduled payments of principal on the 2022F Bonds to be redeemed to the applicable maturity date, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2022F Bonds are to be redeemed, discounted to the date on which such 2022F Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of

twelve 30-day months, at the "Treasury Rate" (described below) plus (a) for the 2022F Bonds maturing December 1, 2023, 20 basis points, (b) for the 2022F Bonds maturing December 1, 2025, 25 basis points, (c) for the 2022F Bonds maturing December 1, 2026, 30 basis points, (d) for the 2022F Bonds maturing December 1, 2027, 25 basis points, (e) for the 2022F Bonds maturing December 1, 2028 through and including December 1, 2030, 30 basis points, (f) for the 2022F Bonds maturing December 1, 2031 and December 1, 2032, 35 basis points and (g) for the 2022F Bonds maturing December 1, 2042, 30 basis points, and, in each case, unpaid interest on such 2022F Bonds to be redeemed to but not including the respective redemption date.

"*Business Day*" means (i) a day other than a day on which commercial banks located in New York, New York or the city or cities in which the designated office of the Trustee or the Paying Agent are required or authorized by law to close and (ii) a day other than a day on which the New York Stock Exchange is closed.

"*Treasury Rate*" means, with respect to any redemption date for any applicable maturity of a 2022F Bond, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such 2022F Bond (taking into account any sinking fund installments for such 2022F Bonds); however, if the period from the applicable redemption date to such maturity date (taking into account any sinking fund installments for such 2022F Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation or indexed securities) or, if such Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee.

Mandatory Redemption of the 2022F Bonds

The 2022F Bonds maturing on December 1, 2042, are subject to mandatory redemption from sinking fund installments required by the Fifty-Seventh Supplemental Resolution, without premium, plus accrued interest to the redemption date, on December 1 of each of the following years and in the amounts as follows:

December 1	Principal Amount
2037	$2,185,000
2038	2,305,000
2039	2,425,000
2040	2,555,000
2041	2,690,000
2042†	2,840,000

† Final Maturity Date.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any mandatory redemption date, the Authority may (i) deliver to the Paying Agent for cancellation 2022F Bonds subject to mandatory redemption in part on such redemption date, in any aggregate principal amount desired, or (ii) receive a credit in respect of its mandatory redemption obligation for any 2022F Bonds of a maturity subject to mandatory redemption in part on such redemption date, which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the Authority and cancelled by the Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation. Each such 2022F Bond so delivered or previously purchased or redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof on the obligation of the Authority on such respective mandatory redemption obligations on a *pro rata* basis as between the applicable outstanding principal amount of each sinking fund installment of such maturity (except as may be otherwise authorized by the Authority in

writing), and the principal amount of such 2022F Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

Selection of 2022F Bonds to be Redeemed

If the 2022F Bonds are not registered in book-entry form and in the event that less than all of the 2022F Bonds of any applicable maturity are to be redeemed, the particular 2022F Bonds or portions thereof to be redeemed will be selected by the Trustee *pro rata* in such manner as the Trustee shall deem appropriate and fair, provided, however, that for any 2022F Bond of a denomination of more than the minimum denomination, the portion of such 2022F Bond to be redeemed must be in a principal amount equal to such minimum denomination or an integral multiple thereof. If the 2022F Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2022F Bonds, if less than all of the 2022F Bonds of a maturity are to be redeemed, the particular 2022F Bonds or portions thereof to be redeemed will be selected by DTC for redemption in accordance with the DTC procedures then in effect. Any failure of DTC to make such determination will not affect the sufficiency or the validity of the redemption of 2022F Bonds to be redeemed.

Notice of Redemption

Notice of redemption will be given by first-class mail by the Trustee to the owners of any 2022 Bonds designated for redemption in whole or in part not less than twenty (20) days before the redemption date. Each notice of redemption will state the redemption date, the redemption place and the redemption price, and will designate the numbers of the 2022 Bonds to be redeemed (if called for redemption in part only), state the portion of the principal amount thereof which is to be redeemed, and state that the interest thereon or portions thereof designated for redemption will cease to accrue from and after such redemption date and that on such redemption date there will become due and payable on each of the 2022 Bonds or portions thereof designated for redemption the redemption price thereof. The failure to mail such notice with respect to any 2022 Bonds will not affect the validity of the proceedings for the redemption of any other 2022 Bonds with respect to which notice was so mailed.

Any notice of optional redemption of 2022 Bonds may state that it is conditioned upon receipt by the Trustee of moneys sufficient to pay the redemption price of such 2022 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected owners of 2022 Bonds as promptly as practical upon the failure of such condition or the occurrence of such event.

Registration and Transfer; Payment

The 2022 Bonds may be transferred only on the books of the Authority held at the designated corporate trust office of the Trustee, as Registrar. Neither the Authority nor the Registrar will be required to transfer or exchange 2022 Bonds (a) for the period next preceding any Interest Payment Date for the 2022 Bonds beginning with the regular Record Date for such Interest Payment Date and ending on such Interest Payment Date, (b) for a period beginning 15 days before the first mailing of any notice of redemption and ending on the day of such mailing, or (c) to transfer, exchange or register any 2022 Bonds called for redemption. Interest on any 2022 Bonds will be paid to the person in whose name such 2022 Bond is registered on the applicable Record Date. At such time, if any, as the 2022 Bonds are no longer subject to the book-entry only system of registration and transfer described in APPENDIX C – "PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" attached hereto, interest on the 2022 Bonds will be payable by check or draft of the Trustee, as Paying Agent, mailed to the registered owners by first-class mail (or, to the extent permitted by the Revenue Obligation Resolution, by wire transfer). At such time, if any, as the

2022 Bonds are no longer subject to such book-entry only system of registration and transfer, the principal of all 2022 Bonds will be payable on the date of maturity or redemption thereof upon presentation and surrender at the designated corporate trust office of the Paying Agent.

For so long as a book-entry system is used for determining beneficial ownership of the 2022 Bonds, such principal and interest will be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the 2022 Bonds is the responsibility of the Direct Participants or the Indirect Participants. See APPENDIX C – "PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" attached hereto.

Book-Entry-Only System

DTC will act as securities depository for the 2022 Bonds. The 2022 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each Series and maturity of the 2022 Bonds, each in the aggregate principal amount of such Series and maturity, and will be deposited with DTC. Beneficial interests in the 2022 Bonds may be held through DTC, directly as a participant or indirectly through organizations that are participants in such System. See APPENDIX C – "PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" for a description of DTC, certain of its responsibilities, and the provisions for registration and registration of transfer of the 2022 Bonds if the book-entry-only system of registration is discontinued.

Bond Insurance

The following information has been provided by AGM for inclusion in this Official Statement. Reference is made to APPENDIX G hereto for a specimen of the Policy (as defined below). Neither the Authority nor the Underwriters take any responsibility for, or make any representation as to, its accuracy or completeness.

Bond Insurance Policy

Concurrently with the issuance of the 2022 Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as APPENDIX G – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Capitalization of AGM

At September 30, 2022:

- The policyholders' surplus of AGM was approximately $2,660 million.
- The contingency reserve of AGM was approximately $915 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,102 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (filed by AGL with the SEC on August 4, 2022); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 (filed by AGL with the SEC on November 8, 2022).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**DESCRIPTION OF THE 2022 BONDS – Bond Insurance – Assured Guaranty Municipal Corp**." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the 2022 Bonds or the advisability of investing in the 2022 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**DESCRIPTION OF THE 2022 BONDS – Bond Insurance**."

[Remainder of page intentionally left blank]

SECURITY FOR THE 2022 BONDS

General

The 2022 Bonds are payable solely from, and secured by a lien upon and pledge of, the Revenues on a parity basis with the lien and pledge securing Revenue Obligations issued pursuant to the Revenue Obligation Resolution, senior to (a) payments required to be made from or retained in the Revenue Fund to pay Operation and Maintenance Expenses, and (b) the payments into the Capital Improvement Fund heretofore established and continued under the Revenue Obligation Resolution. In the Revenue Obligation Resolution, the Authority has covenanted not to incur any indebtedness senior to the lien of the Revenue Obligations.

The Revenue Obligations, including the 2022 Bonds, are not indebtedness of the State, nor of any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon, nor are they payable from any funds other than the Revenues of the Authority pledged to the payment thereof.

Additional series of Revenue Obligations may be issued without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. In addition, no debt service reserve fund is established under the Revenue Obligation Resolution. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

Rate Covenant

The Revenue Obligation Resolution provides that the Authority establish, maintain and collect rents, tolls, rates and other charges for power and energy and all other services, facilities and commodities sold, furnished or supplied through the facilities of the System which will be adequate to provide the Authority with Revenues sufficient: (a) to pay the principal of, premium, if any, and interest on the Revenue Obligations as and when the same become due and payable; (b) to make when due all payments which the Authority is obligated to make (i) into the Revenue Obligation Fund created under the Revenue Obligation Resolution, and (ii) into the Capital Improvement Fund pursuant to the Revenue Obligation Resolution; (c) to make all other payments which the Authority is obligated to make pursuant to the Revenue Obligation Resolution; (d) to pay all proper operation and maintenance expenses and all necessary repairs, replacements and renewals thereof; (e) to pay all taxes, assessments or other governmental charges lawfully imposed on the Authority or the Revenues thereof or payments in lieu thereof; and (f) to pay any and all amounts which the Authority may become obligated to pay from the Revenues of the System by law or by contract.

While amendments to the Authority's Act enacted in 2021 established a process for the Board to follow when creating or revising retail rates described herein under "RATES AND RATE COMPARISON – Rate Process," the Board is responsible for establishing the rates of the Authority. In 2020, the Board approved freezing certain rate schedules and suspending certain variable components of certain rates during the Rate Freeze Period in accordance with the Cook Settlement Agreement. This Rate Freeze impacts the rates for the majority of the Authority's customers, including Central. See "RECENT DEVELOPMENTS – Cook Settlement Agreement" and "RATES AND RATE COMPARISON – Cook Settlement as to Rates."

The Revenue Obligation Resolution provides that if the Authority violates or fails to perform any of its covenants or agreements contained in the Revenue Obligation Resolution for ninety (90) days after written notice of default is given to it by the Trustee or by a holder of any Obligation, then either the Trustee or the holders of not less than 25% in principal amount of the Obligations then Outstanding may, among other things, declare the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION – Events of Defaults and Remedies."

Additional Indebtedness

Additional series of Revenue Obligations may be issued on a parity with Authority's Outstanding Revenue Obligations, including the 2022 Bonds, without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. The Revenue Obligation Resolution does not prohibit the issuance of obligations secured by a pledge of the Revenues junior and subordinate to the pledge securing the Revenue Obligations. In addition, the Authority may issue obligations secured by a pledge of revenues derived from separate utility systems not included in the System. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION – Separate Systems."

The approval of the JBRC may be required prior to the issuance of certain indebtedness of the Authority. See "THE AUTHORITY – Joint Bond Review Committee Approval."

Flow of Funds

The Authority covenants and agrees in the Revenue Obligation Resolution to pay into the Revenue Fund all Revenues received by the Authority, as promptly as practical after receipt thereof. The Revenue Fund is held in trust and administered by the Authority.

Moneys are disbursed by the Authority from the Revenue Fund in the following order:

1. Revenue Obligation Fund: To pay, when due, to the Trustee for deposit in the Revenue Obligation Fund an amount equal to principal, premium, if any, and interest on all the Obligations, including certain payments on Qualified Swaps, from time to time Outstanding as the same respectively become due and payable. Such amounts are required to be transferred by the Authority to the Trustee for deposit into the Revenue Obligation Fund no later than the business day immediately preceding the next date upon which an installment of principal (whether upon maturity or mandatory redemption), premium, if any, or interest falls due on the Obligations (or in immediately available funds on such due date), in an amount equal to such installment of principal, premium, if any, or interest then falling due on all Obligations then Outstanding.

2. Operating and Maintenance: To pay expenses of operation and maintenance.

3. Subordinated Debt: To pay, when due, amounts due and owing with respect to the payment of principal and interest on amounts issued under the Note Resolution, including Commercial Paper Notes and the Authority's payment obligations under the CP Reimbursement and the Revolving Credit Agreements.

4. Capital Improvement Fund: To pay during each Fiscal Year into the Capital Improvement Fund an amount at least equal to the 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 eight percent (8%) of the Revenues paid into the Revenue Fund in the three immediately preceding Fiscal Years. Permitted use of moneys in the Capital Improvement Fund is limited to payment of Capital Costs, as defined in the Revenue Obligation Resolution. Any moneys remaining in the Revenue Fund each month after making the payments described above may be used by the Authority for any corporate purpose of the Authority. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION" and "THE AUTHORITY – Outstanding Indebtedness – Subordinated Debt" herein.

Distributions to the State

As required by the Act, the Authority makes distributions to the State and payments in lieu of taxes ("PILOTs") to local governments and collects franchise fees on behalf of the municipalities.

Distributions to the State. The Act provides that the Authority is to be operated for the benefit of the people of the State and requires that all net earnings of the Authority not needed for the prudent conduct and operation of its business or to pay the principal of and interest on its bonds, notes, or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others be paid to the State Treasurer on a semiannual basis to be used to reduce the tax burdens on the people of the State. The Act further provides that the Authority is not prohibited from paying to the State each year up to one percent of its projected operating revenues, determined on an accrual basis, from the combined electric and water systems. The Authority's Act was amended in 2005 to include the one percent cap on the Authority's payments to the State Treasurer. A resolution was adopted by the Board on November 14, 2005 authorizing the one percent calculation and, since that time, the Authority has paid one percent of its projected annual operating revenues to the State Treasurer. Such payments totaled $17,479,000 for 2020 and $17,135,000 for 2021.

The Office of Regulatory Staff (the "ORS") is authorized, subject to the Public Utilities Review Committee's approval of the ORS staff's annual budget, to bill the Authority for the costs associated with its oversight of the Authority performed pursuant to Act 90 of 2021 and any other relevant legislation, statute, or provision, provided that such costs do not exceed the amount of the costs authorized in the State's 2022-23 Appropriations Act. The ORS is authorized to expend up to $2,000,000 for oversight of the Authority in 2022-2023. The State's 2022-23 Appropriations Act allows the Authority to reduce its remittance of revenues to the State by the amount the Authority pays to the ORS for the costs incurred in the performance of its oversight of the Authority.

PILOTs. Under the Act, the PILOTs are subject to the Authority's payment of necessary operating expenses and annual debt requirements on bonds, notes, or other obligations at any time outstanding, and the discharge of all annual obligations arising under finance agreements with the United States or any agency or corporation of the United States and indentures under which bonds have been issued. In 2020 and 2021, the Authority made PILOTs of $4,617,520 and $4,527,424, respectively.

Franchise Fee. A franchise fee is a contractual fee the Authority remits to municipalities where it conducts business within their boundaries. This fee is billed each month to customers whose accounts are physically located within the city or town limits. The Authority then pays the money back to municipalities twice a year. In 2020 and 2021, the Authority paid $6,129,724 and $6,198,071, respectively.

In 2020 and 2021, the Authority's distributions to the State, PILOTs, and Franchise Fees totaled approximately $28,226,000 and $27,860,000, respectively.

THE AUTHORITY

General

The Authority is a body corporate and politic created by the Act, to produce, distribute and sell electric power and to acquire, treat, transmit, distribute, and sell water at wholesale within the counties of Berkeley, Calhoun, Dorchester, and Orangeburg, along with the Town of Santee, South Carolina. The Authority also owns and operates the Santee Cooper Regional Water System and the Lake Marion Regional Water System. Under current State law and by contract, each of the regional water systems is required to be self-supporting. The Authority began electric power operations in 1942. The Lake Moultrie Regional Water System began

commercial operation in October 1994, and the Lake Marion Regional Water System began commercial operation in May 2008.

Governance

The Act contains provisions governing the composition, qualifications, appointment, and duties of the Board. The Governor appoints the voting directors of the Board, and the State Regulation of Public Utilities Review Committee ("PURC") screens appointees to determine whether they have the qualifications required by the Act. After successful screening, appointees must be confirmed by the State Senate. In making appointments to the Board, the Governor, in making appointments and the Senate, in its advice and consent capacity, must give due consideration to race, gender, and other demographic factors to assure nondiscrimination, inclusion, and representation to the greatest extent possible of all segments of the population of the State. *Ex-officio* directors are appointed by Central's board and the PURC must confirm they have the qualifications required by the Act within six months of appointment. The Act describes the duties of directors and sets forth conditions by which a director may be held accountable for his actions or inactions as a director.

The Board consists of fourteen directors (twelve voting directors and two non-voting *ex-officio* directors). The voting directors, who reside in the State and who have the qualifications required by the Act, are as follows: one from each congressional district of the State; one from each of the counties of Berkeley, Horry and Georgetown who reside in the territory of the Authority and are customers of the Authority and two from the State at large, one of whom must be chairman. Two of the voting directors must have substantial work experience within the operations of electric cooperatives or substantial experience on an electric cooperative board but must not serve as an employee or board member of an electric cooperative during their term as director of the Authority. One of these two voting directors must have substantial experience within the operations or board of a transmission or generation cooperative. The two *ex-officio* non-voting directors are to be from Central, one of whom is the chairman of Central, or his designee, and one of whom is a member of the Central board other than its chairman and is chosen by the Central board. Currently, one of the Authority's voting seats is vacant.

Voting directors serve for a term of four years, and *ex-officio* members serve for a term of two years. Directors may continue to serve until a successor has been appointed and found qualified as provided for by the Act. Directors appointed to fill a vacancy on the Board serve for the unexpired portion of the term and until a successor is appointed and found qualified. A voting individual appointed and found qualified by the PURC while the State Senate is not in session may serve as a director in an interim capacity. Voting directors may be removed from office only for cause and *ex-officio* directors may be removed for cause or by the Central board. Directors may not be appointed for more than three consecutive terms.

Each director is required to discharge his duties, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Authority, which involves a balancing of, among other things, preservation of the financial integrity of the Authority and its operations, the interest of the Authority's residential, commercial and industrial retail customers in reliable, adequate, efficient, and safe service, at just and reasonable rates, regardless of customer class and the exercise of the powers of the Authority set forth in the Act in accordance with good business practices and the requirements of applicable licenses, laws, and regulations.

The Act also contains provisions that established an advisory board (the "Advisory Board") to assist the Board which is composed of the following officials of the State: the Governor, the Attorney General, the State Treasurer, the Comptroller General and the Secretary of State. The Board is required to make annual reports to the Advisory Board, which reports must be submitted to the General Assembly by the Governor, in

which full information as to all of the acts of said Board are given, together with financial statement and full information as to the work of the Authority.

The Advisory Board approves the hiring of the external auditors and sets the salary of the voting members of the Board. Any compensation package, severance package, payment or other benefit conferred upon a director is required to be approved by the Agency Head Salary Commission of the State Fiscal Accountability Authority.

Peter McCoy serves as the Chairman of the Board and the current Directors are listed below:

Name	Business	Residence	Term Expires[(1)]	District
Peter M. McCoy, Jr., *Chairman*	Attorney	Charleston	January 1, 2026 [(2)]	At Large
Dan J. Ray, *First Vice Chairman*	Business Executive	Georgetown	January 1, 2025	Georgetown County
David F. Singleton, *Second Vice Chairman*	Business Executive	Myrtle Beach	January 1, 2025	Horry County
Kristofer D. Clark	Business Executive	Easley	January 1, 2024	3rd District
Merrell W. Floyd	Retired Business Executive	Conway	January 1, 2023	7th District
Stephen H. Mudge	Business Executive	Clemson	January 1, 2024	At Large
William A. Finn	Business Executive	Mt. Pleasant	January 1, 2023	1st District
J. Calhoun Land, IV	Attorney	Manning	January 1, 2024	6th District
Peggy H. Pinnell	Business Executive	Moncks Corner	January 1, 2023	Berkeley County
Barry D. Wynn	Business Executive	Spartanburg	January 1, 2022 [(3)]	4th District
Charles H. Leaird	Retired Business Executive	Sumter	January 1, 2025	5th District
Vacant[(4)]	–	–	January 1, 2026	2nd District
Robert C. Hochstetler	Business Executive	Chapin	July 13, 2023	*Ex-Officio*[(5)]
Robert G. Ardis, III	Business Executive	Florence	July 13, 2023	*Ex-Officio*[(6)]

(1) The Act was amended in June 2021 which, among other things, included amendments to certain provisions related to the Board, including term limits. To stagger transitions, the Act provides for new term expirations, which are reflected above.
(2) On June 29, 2021, Chairman McCoy was confirmed for two terms, one to finish the term ending in 2022 and another full-term ending in 2026.
(3) Mr. Wynn's term has expired but he may continue to serve until a successor has been appointed and found qualified.
(4) There is a vacancy on the Board for the 2nd Congressional District.
(5) President and CEO of Central Electric, designee of Central's Chairman. On October 24, 2022, Mr. Hochstetler announced his intention to step down from the Board. His intent is to serve on the Board until his replacement has been appointed and confirmed.
(6) Central Board Member and President and CEO of Santee Electric Cooperative.

Executive Staff

The President and Chief Executive Officer of the Authority is appointed by the Board. Any compensation package, severance package, payment or other benefit conferred upon the President and Chief Executive Officer of the Authority must first be reviewed and approved by the Agency Head Salary Commission of the State Fiscal Accountability Authority. Additionally, any employment contracts or retention contracts that last longer than five years, and all contract extensions, must be reviewed by the Agency Head Salary Commission. Any payment made or benefit given in violation of State law is subject to a claw-back of the payment or benefit in a legal action brought by the State Attorney General.

The Authority's executive staff is appointed by the President and Chief Executive Officer with the approval of the Board. The Authority executive staff consists of:

Name	Position	Utility Experience
Jimmy Staton	President and Chief Executive Officer	39 years
Pamela J. Williams	Chief Public Affairs Officer and General Counsel	21 years
Kenneth W. Lott III	Chief Financial and Administration Officer	24 years
Rahul Dembla	Chief Planning Officer	6 years
J. Martine Watson	Chief Power Supply Officer	11 years
J. Michael Poston	Chief Customer Officer	36 years
Monique L. Washington	Chief Audit and Risk Officer	22 years

Jimmy D. Staton joined the Authority as President and Chief Executive Officer on March 1, 2022. Prior to joining the Authority, Mr. Staton served as President and CEO of Southern Star Corp., a leading transporter of natural gas in the Midwest. He also served as executive vice president for NiSource, one of the largest fully regulated utility companies in the United States with approximately 3.5 million natural gas customers and 500,000 electric customers across seven states, as senior vice president for Dominion Resources Inc., and as president of asset operations for Consolidated Natural Gas Corp. prior to its acquisition in 2000 by Dominion Resources. He received a Bachelor of Science degree in Petroleum Engineering from Louisiana State University in 1983.

Pamela J. Williams became Chief Public Affairs Officer and General Counsel on May 7, 2020. She joined the Authority in 2001 as Associate General Counsel for Corporate Affairs. In 2006, she took on the additional duties of Corporate Secretary. She moved to Vice President, Administration in 2011, Senior Vice President, Corporate Services on May 1, 2014, and Senior Vice President and Chief Financial Officer on April 6, 2019. Prior to joining the Authority, she served as corporate counsel for The Clorox Company. She received a Bachelor of Science degree in Economics from the College of Charleston and a Juris Doctor degree from the University of Virginia School of Law.

Kenneth W. Lott III joined the Authority in 1998 as an internal auditor. Since that time, he has held several leadership positions, including Manager of Training and Development, Manager of Employee Relations, General Auditor, Vice President and Treasurer, Vice President, Human Resource Management, and Chief Administration Officer and Corporate Secretary. On May 7, 2020, he became Chief Financial and Administration Officer. He is a Certified Public Accountant and Certified Internal Auditor. He received a Bachelor of Science degree in Business from The Citadel and a Master's in Business Administration degree from Charleston Southern University.

Rahul Dembla became Chief Planning Officer, on July 1, 2022. He joined the Authority in 2016 as Vice President of Planning and Pricing. In 2020, he became the Senior Director of Financial and Resource Planning. Prior to joining the Authority, he was Director of Public Finance for Public Power/Utilities with Barclays Capital. He has held numerous other positions in the public finance arena and worked with many public power utilities in those capacities. He has a Master of Business Administration, Finance and Economics from New York University, and a Bachelor of Engineering (Electrical) from the Indian Institute of Technology.

J. Martine Watson joined the Authority in 2011 as a General Engineer. Since that time, he has held various positions, including Sr. Advisor to the President and CEO, Manager Generation Services, and Director Supply and Trading. On December 6, 2021, he became Chief Power Supply Officer. He is a licensed Professional Engineer. He received a Bachelor of Science degree in Physics and Mathematics from Francis Marion University, as well as a Master's of Science degree in Civil Engineering and a Master's in Business Administration from the University of South Carolina. Prior to joining the Authority, he served as consultant with Davis & Floyd, Inc. and AECOM.

J. Michael Poston joined the Authority in 1986 as an engineer. Since that time, he has held various positions, including General Supervisor of Distribution Design, Manager of Distribution Services, and Vice President of Retail Operations. On May 7, 2020, he became Chief Customer Officer. He received a Bachelor of Science degree in Electrical Engineering from Clemson University. He will be retiring on December 31, 2022.

Monique L. Washington joined the Authority in 2000 as a financial analyst. Since that time, she has held various positions, including Group Leader of Corporate Budget, Group Leader of Bulk Power, Director of Financial Planning, Assistant to the General Auditor, and General Auditor. On June 26, 2020, she became Chief Audit Executive. In 2021, she became Chief Audit and Risk Officer, overseeing Internal Audit, Enterprise Risk Management, and Act 90 of 2021 Compliance. She is a Certified Internal Auditor. She received

a Bachelor of Arts degree in Mathematics from Winthrop University and a Master's in Business Administration from The Citadel.

Staff

The Authority had 1,526 employees as of September 30, 2022. Authority employees are members of a contributory State pension plan administered by the South Carolina Public Employee Benefit Authority ("PEBA"). As of December 31, 2021, the Authority's net pension liability under the plan was $278.9 million. For a further description of the pension plan, including funding status, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS – Note 11 – Retirement Plans."

The Authority also participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA provides other postemployment benefits ("OPEB") consisting of certain health and life insurance for eligible retired employees of the Authority. As of December 31, 2021, the Authority's net liability under the OPEB plan was $187.5 million. For a further description of the OPEB plan, including funding status, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS – Note 12 – Other Postemployment Benefits (OPEB)."

The Authority's employees do not participate in any unions, and the Authority believes that its labor relations are good.

Employee Safety. During 2017 through 2021, the Authority's employee safety record placed in the top two among large utilities in the American Public Power Association and placed first in three of the last five years. In 2021, the Authority had the lowest number of recordable incidents on record with six and completed the calendar year with four preventable motor vehicle accidents.

Joint Bond Review Committee Approval

The Act requires that prior to the issuance by the Authority of its (i) bonds, (ii) notes, or (iii) other indebtedness, including any refinancing that does not achieve a savings in total debt service, the Authority is required to request the approval of the JBRC. Upon receipt of such request, the JBRC may approve, reject, or modify the debt issuance proposed by the Authority. If the JBRC does not approve, reject, or modify the Authority's request for approval of a proposed debt issuance within sixty days, the issuance is deemed approved. A proposed debt issuance that receives JBRC approval may be issued across multiple series and over a three-year period of time.

JBRC approval is not required by the Act for the issuance of refunding bonds that achieve savings in total debt service, or the issuance of short-term or revolving-credit debt for the management of day-to-day operations and financing needs of the Authority.

In addition, with the exception of encroachment agreements, rights of way, or lease agreements made by the Authority for property within the Federal Energy Regulatory Project boundary, a transfer of any interest in real property by the Authority, regardless of the value of the transaction, requires approval, rejection, or modification by the JBRC and the Authority is required, by September first of each year, to provide an annual report to the JBRC regarding every transaction involving an interest in real property executed during the preceding twelve months.

Outstanding Indebtedness

Senior Debt

Pursuant to the Act, the Board adopted the Revenue Obligation Resolution providing for the issuance of the Authority's Revenue Obligations. As of September 30, 2022, the Authority had approximately $6.636 billion in aggregate principal amount of Revenue Obligations outstanding under the Revenue Obligation Resolution, of which $3.631 billion was issued by the Authority to finance the costs of Summer Nuclear Units 2 and 3.

Subordinated Debt

The Revenue Obligation Resolution provides that the Authority may issue obligations that are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing Revenue Obligations. Pursuant to this authority, the Board has by resolution (the "Note Resolution") authorized the issuance of notes (the "Notes") so long as the aggregate principal amount of the Notes outstanding at any one time does not exceed the lesser of (i) twenty percent (20%) of the aggregate Authority debt and alternative variable rate financing obligations outstanding as of the last day of the most recent Fiscal Year for which audited financial statements of the Authority are available, or (ii) the aggregate unused commitment under any revolving credit agreements and alternative variable rate financing agreements that the Authority may have entered into in connection with the issuance of such Notes. Pursuant to the Note Resolution, the maximum amount of Notes that may be outstanding at any time is currently $1,357,172,000.

Commercial Paper Notes. In accordance with the terms of the Note Resolution, the Board has authorized the issuance of subordinate revenue notes (the "Commercial Paper Notes"). As of September 30, 2022, the Authority had $119,317,000 in aggregate principal amount of Commercial Paper Notes outstanding, consisting of the Subordinate Revenue Notes, Tax-Exempt CP Sub-Series A and Taxable CP Sub-Series AA (the "Sub-Series A/AA CP Notes") and the Subordinate Revenue Notes, Tax-Exempt CP Sub-Series B and Taxable CP Sub-Series BB (the "Sub-Series B/BB CP Notes"). The Commercial Paper Notes are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing Revenue Obligations.

The Authority has entered into two CP Reimbursement Agreements, each dated as of September 1, 2020, as amended, with Barclays Bank, pursuant to which Barclays Bank has issued two irrevocable direct pay letters of credit to provide credit support for the timely payment of principal and interest on the related sub-series of Commercial Paper Notes when due. Each letter of credit has been issued in the stated amount set forth therein plus an amount to pay interest (in an aggregate amount calculated at the rate of 12% per annum for a period of 120 days and a year of 360 days) due on the related Sub-Series of Commercial Paper Notes subject in each case to the terms thereof. The letters of credit are issued pursuant to the terms and conditions of the CP Reimbursement Agreements. The Authority may issue up to $300,000,000 aggregate principal amount of Commercial Paper Notes supported by the letters of credit under the CP Reimbursement Agreements to fund, among other things, working capital expenses and capital expenditures and to pay principal of and interest on maturing Commercial Paper Notes.

The letter of credit for the Sub-Series A/AA CP Notes has been issued in a maximum stated amount of $208,000,000, consisting of a maximum principal component equal to $200,000,000 and a maximum interest component equal to $8,000,000, representing 120 days' interest on the Sub-Series A/AA CP Notes calculated at an assumed maximum interest rate of 12% per annum, calculated on the basis of a year of 360 days and the actual number of days elapsed, and the letter of credit has a stated expiration date of February 28, 2025. The letter of credit for the Sub-Series B/BB CP Notes has been issued in a maximum stated amount of $104,000,000, consisting of a maximum principal component equal to $100,000,000 and a maximum interest component equal to $4,000,000, representing 120 days' interest on the Sub-Series B/BB CP Notes calculated at an assumed maximum interest rate of 12% per annum, calculated on the basis of a year of 360 days and the

actual number of days elapsed, and the letter of credit has a stated expiration date of September 6, 2024. The amount of any drawing under a letter of credit in support of Commercial Paper Notes for which Barclays Bank is not reimbursed by the Authority on the date of such drawing together with interest thereon, constitute a loan under the CP Reimbursement Agreements. There are currently no loans outstanding under the CP Reimbursement Agreements.

Revolving Credit Agreements. The Authority also has entered into the following Revolving Credit Agreements to be used for lawful corporate purposes: (a) Amended and Restated Revolving Credit Agreement dated as of March 1, 2022, as amended on August 12, 2022 with Bank of America, N.A. (the "Bank of America Credit Agreement"); (b) Revolving Credit Agreement dated as of December 28, 2021, as amended as of July 28, 2022 with JPMorgan Chase Bank, National Association (the "JPMorgan Credit Agreement"); (c) Amended and Restated Revolving Credit Agreement, dated as of June 30, 2022, with TD Bank, N.A. (the "TD Bank Credit Agreement") and (d) Revolving Credit Agreement dated as of March 25, 2022, as amended as of August 12, 2022, with Wells Fargo Bank, National Association (the "Wells Fargo Bank Credit Agreement").

The Revolving Credit Agreements currently provide the Authority with borrowing capacity in an aggregate principal amount of up to $700,000,000. The Bank of America Credit Agreement allows the Authority to borrow a principal amount up to $200,000,000 and expires on March 20, 2026. The JPMorgan Credit Agreement allows the Authority to borrow a principal amount of up to $200,000,000 and expires on December 27, 2024. The TD Bank Credit Agreement allows the Authority to borrow a principal amount of up to $200,000,000 and expires on June 28, 2024. The Wells Fargo Bank Credit Agreement allows the Authority to borrow a principal amount of up to $100,000,000 and expires on March 25, 2025. As of September 30, 2022, there were $129,400,000 in loans outstanding under the Revolving Credit Agreements.

The Authority's obligations to repay loans advanced under the CP Reimbursement Agreements and the Revolving Credit Agreements are each secured *pari passu* by a lien upon and pledge of Revenues which lien and pledge is junior to the lien and pledge securing the Revenue Obligations, including the 2022 Bonds.

Debt Reduction Plan

In 2021, the Authority deposited $85 million into its debt reduction fund. These funds are intended to retire a portion of the principal amount of debt coming due in 2023 that was issued for various capital projects. The Authority also intends to continue to prepay debt that was issued to finance Summer Nuclear Units 2 and 3 from net proceeds it receives from the sale of certain non-nuclear and nuclear-related equipment. The Authority's current projections assume that the Authority will receive net sale proceeds from such sales of approximately $120 million by the end of 2024, which amount includes $74.7 million received to date. See "SUMMER NUCLEAR UNITS 2 AND 3 – *Sales of Summer Nuclear Units 2 and 3 Assets*."

Future Financings

The Authority funds its capital improvement program, described below, through a combination of internally generated funds, the issuance of Commercial Paper Notes, loans under the Revolving Credit Agreements and the incurrence of other short-term debt and long-term debt. The Authority's current projections reflect the issuance of long-term debt of approximately $550 million to fund certain capital improvement projects through 2025, a portion of which will be funded by proceeds of the 2022EF Bonds.

Capital Improvement Program

The Authority regularly reviews and updates its capital improvement program to reflect currently projected projects and expenditures. The Authority's current capital improvement program includes a future power supply plan with an initial set of changes to the Authority's generation and transmission systems based on a set of assumptions. In the Authority's 2020 IRP, filed with the State Energy Office, the preferred future power supply plan retires 1,150 MW of coal, adds 1,500 MW of solar, adds 200 MW utility scale battery storage, incorporates new natural gas resources into the portfolio, implements demand response programs, and ensures system reliability with transmission upgrades. The Authority is currently refining the future power supply plan to reflect revised assumptions that include a new load forecast and updated natural gas firm transmission costs. See "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES – Integrated Resource Planning – *Key Resource Planning Principles*."

The capital improvement program also reflects requirements related to Federal Energy Regulatory Commission ("FERC") relicensing expenditures to maintain compliance with environmental regulations, and general improvements to the Authority's system, including improvements to existing power supply facilities, extensions of and improvements to the transmission and distribution systems, and other general improvements.

Projections estimate the total cost of the capital improvement program for 2023 through 2025 at approximately $1.09 billion, which includes approximately $450 million for general improvements to the System, approximately $290 million for environmental compliance expenditures, approximately $340 million for transmission projects, and approximately $5 million related to FERC relicensing. Projections estimate the total cost of the capital improvement program for the Regional Water Systems from 2023 through 2025 is approximately $2.6 million.

The costs of the capital improvement program will be paid from Revenues of the Authority, the proceeds of additional Revenue Obligations and subordinated indebtedness, including the issuance of Commercial Paper Notes and loans under the Revolving Credit Agreements, as determined by the Authority.

Power System Additions

The Act imposes certain limitations and approval requirements on the Authority with respect to the planning and development, construction, or acquisition of a major utility facility. In addition, the South Carolina Public Service Commission ("SCPSC") must approve the construction or acquisition of a major utility facility, but only to the extent the transaction is not subject to the exclusive jurisdiction of the FERC. A 'major utility facility' is defined under existing statutes as an electric generating plant and its associated facilities designed for operation at a capacity of more than 75 MWs, or an electric transmission line and associated facilities with a designed operating voltage of 125 Kilovolt ("kVs") or more, but does not include electric distribution lines and associated facilities.

In addition, the Authority may not enter into a contract for the purchase of power with a duration longer than ten years without approval of the SCPSC, provided that the approval is required only to the extent the transaction is not subject to the exclusive jurisdiction of FERC or any other federal agency. Approval of such a contract is not required for purchases of renewable power through a commission approved competitive procurement process.

With regard to planning and development of its power system, including major utility facilities, the Authority is now required to submit an integrated resource plan at least once every three years to the SCPSC for its review and approval. See "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES – Integrated Resource Planning – *Integrated Resource Plans*."

Commitment to Sustainability

The Authority is committed to improving the lives of South Carolinians through sustainable business practices that prioritize long-term economic, environmental, and social performance combined with effective corporate governance. Corporate priorities and goals align with this commitment by focusing on areas such as employee safety, environmental stewardship, cost of power, system reliability, customer satisfaction, and employee and supplier diversity. See "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES – Projected Energy Mix – *Renewable Energy Facilities*."

Environmental initiatives are numerous and include a comprehensive environmental management system focused on compliance and risk management; transitioning the generating fleet to lower carbon and carbon-free resources; responsibly closing ash and gypsum ponds while beneficially reusing coal combustion products in the drywall, concrete, cement, and agriculture industries; restoring hundreds of acres of wetlands at the Camp Hall commerce park and former Grainger Generating Station; collecting more than 30 million gallons of used oil throughout South Carolina through the Give Oil For Energy Recovery (GOFER) program; and native plantings and a pollinator pathway at the Jamison Solar Farm, the first and only Gold Certified Solar Habitat in the State. In addition, the EmpowerSC program is a comprehensive collection of energy efficiency and demand-side management programs designed to encourage residential and commercial customers' adoption of electric vehicles, home and community solar generation, energy efficient appliances and heating, ventilation and air conditioning systems, and more.

The Authority's economic and social initiatives and recognitions include jobs creation through economic development grants, low interest loans, and experimental rates to Nucor, Century Aluminum, and other organizations expanding or locating in South Carolina; partnering with State agencies and private companies to provide access to 1,200 miles of fiber and transmission poles for broadband internet expansion to unserved areas; hosting a Supplier Diversity Fair to help increase the number of minority, women, and veteran-owned businesses supplying products and services to the Authority; earning multiple Safety Awards of Excellence from the American Public Power Association; establishing the Inclusion, Diversity, Equity, and Awareness Council to support employee programs and workshops focused on diversity; and enhancing stakeholder engagement through the Integrated Resource Plan process, a stakeholder advisory committee established by the Board, and numerous community outreach efforts.

The Authority is also a long-time member of the Electric Power Research Institute's Energy Sustainability Interest Group, which is designed to develop the tools and resources needed to establish and enhance sustainability at electric power companies.

Additional information about the Authority's sustainability efforts is contained in the Authority's 2021-2022 Sustainability Report which is available on the Authority's website at the following address: https://www.flipsnack.com/santeecooper/the-sustainability-report-2021-2022-powersource-magazine-xkf4p3mxu3/full-view.html. The Authority's next sustainability report is expected to be available by the third-quarter of 2023. *No statement or information on the Authority's website is incorporated by reference into this Official Statement.*

FINANCIAL INFORMATION

The following selected financial information is provided below: (i) a narrative summary of the Authority's outstanding debt and liquidity as of September 30, 2022; (ii) selected unaudited financial information for the nine months ending September 30, 2022 and September 30, 2021, accompanied by management's comments on such financial information; (iii) a comparison of actual results versus budget for selected unaudited financial information for the nine months ending September 30, 2022, accompanied by management's comments on such financial information; (iv) a summary of operating results for the five years ending December 31, 2017 through December 31, 2021; (v) selected audited financial information for calendar

years 2021 and 2020 accompanied by management's comments on such financial information; and (vi) a table showing combined statements of net position for the periods ending September 30, 2022 and December 31, 2021.

Recent Financial Information

Debt. As of September 30, 2022, the Authority had approximately $6.8 billion (including the Refunded 2016 Series D Bonds) of outstanding indebtedness consisting of: (i) $6.6 billion in aggregate principal amount of Revenue Obligations under the Revenue Obligation Resolution, of which $3.6 billion was issued to finance costs of Summer Nuclear Units 2 and 3; (ii) $119 million aggregate principal amount of Commercial Paper Notes under the Note Resolution; and (iii) $129 million in loans outstanding under the Revolving Credit Agreements. For additional details on the Authority's outstanding indebtedness and its bank facilities and plans to issue additional indebtedness, please see "THE AUTHORITY – Outstanding Indebtedness" and "– Future Financings."

As of September 30, 2022, the Authority's variable rate debt totaled $392 million (consisting of the Commercial Paper Notes, the loans under the Revolving Credit Agreements and the Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A), representing 6% of the Authority's outstanding indebtedness.

Interest Rate Swaps. The Authority has no interest rate swaps.

Liquidity. The Authority's liquidity consists of its funds on hand and funds in various unrestricted reserves. As of September 30, 2022, the Authority had $594.5 million of available cash and unrestricted reserves that can be used to meet unexpected costs. This amount includes approximately $223.1 million of hedging collateral on-hand as of September 30, 2022 that was transferred to the Authority from counterparties required to post collateral pursuant to certain fuel hedges. This hedging collateral is not included in the Authority's days' cash or days' liquidity calculations. In addition, the Authority has $180.7 million of unused Commercial Paper Note capacity supported by the letters of credit under the CP Reimbursement Agreements described herein and $570.6 million of unused loan capacity under the Revolving Credit Agreements. See "INTRODUCTION – Outstanding Parity and Subordinated Indebtedness."

[Remainder of page intentionally left blank]

Selected Recent Financial Information

The Nine Months Ended September 30, 2022 Versus September 30, 2021

	Nine Months Ended September 30,			
	2022	2021	Variance	
	(Unaudited) (Dollars in Thousands)			%
Operating:				
Operating revenues	$1,508,787	$1,358,695	$150,092	11
Operating expenses[(1)]	1,292,836	1,075,829	217,007	20
Operating income	$215,951	$282,866	$(66,915)	(24)
Non-operating revenues (expenses):				
Interest charges[(2)]	(213,193)	(227,568)	14,375	6
Costs to be recovered from future revenue (expense)	(621)	(2,948)	2,327	79
Other non-operating income (expenses)	36,943	60,242	(23,299)	(39)
Income before transfers	39,080	112,592	(73,512)	(65)
Capital contributions and transfers	(17,675)	(17,135)	(540)	(3)
Change in net position	21,405	95,457	(74,052)	(78)
Total net position – beginning	2,138,780	2,099,652	39,128	2
Total net position – ending	$2,160,185	$2,195,109	$(34,924)	(2)

(1) Operating expenses for the nine months ended September 30, 2022 are net of $242.5 million of Cook Deferred Expenses that have been deferred and recorded as a regulatory asset. See "RECENT DEVELOPMENTS – Cook Settlement Agreement."

(2) Interest charges for the nine months ended September 30, 2022 are net of $8.4 million related to the Cook Deferred Expenses that have been deferred and recorded as a regulatory asset. See "RECENT DEVELOPMENTS – Cook Settlement Agreement."

Operating revenues for the nine months ended September 30, 2022 totaled approximately $1,508.8 million, a $150.1 million or 11% increase. The increase was driven primarily from higher fuel rates of $76.3 million mainly in the Industrial category for certain customers that are not subject to the Rate Freeze. Higher kWh sales (7%), demand usage (7%), and demand rate revenues also increased revenue by $35.5 million, $17.2 million, and $11.3 million, respectively. Also contributing was the change between the periods for the Central Cost of Service adjustments ($6.3 million). The 2021 adjustments were higher due to the finalization of 2020's adjust-to-actual ($4.5 million), accruals for 2016 and 2018's audit issues ($9.4 million), and the 2021 adjust-to-actual accrual ($0.4 million). The 2022 adjustments only include accruals of an additional net amount of $8.0 million for 2018 and 2019 audit issues.

Operating expenses increased $217 million or 20%. The increase was driven primarily due to: (i) fuel and purchased power ($470.6 million) from increased kWh sales, higher commodity prices for the generation mix utilized, and increased use of purchased power and natural gas due to plant outages and coal stockpile management as a result of coal transportation issues and supply issues as a result of a mine fire at the Authority's largest and lowest cost coal supplier (see "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices"); (ii) depreciation ($8.4 million) was higher from assets placed into service in the current year; and (iii) distribution ($2.8 million) from lower labor and contract services in the current year. These increases were offset by credits to operating expenses from deferral of the Cook Deferred Expenses and the recording of the Cook Exceptions Regulatory Asset totaling approximately $242.5 million. Also offsetting the increases were lower: (i) non-fuel generation from lower labor, contract services and materials due largely to lower net landfill accruals, environmental expense, and lower maintenance outage costs due to timing at Cross; and (ii) administrative and general.

Interest charges decreased by $14.4 million due primarily to a refunding transaction completed in late 2021 and a tender and exchange transaction completed in February 2022, and the approval of the Cook Exceptions Regulatory Asset which lowered interest charges by $8.4 million.

Costs to be Recovered from Future Revenues ("CTBR") is a non-operating and non-cash income (expense) account. Higher depreciation on debt funded assets over principal payments on debt results in income, while higher principal payments on debt over depreciation results in expense. For the nine months ended September 30, 2022, CTBR expense decreased $2.3 million or 79% due to higher principal amortization in the previous year.

Other non-operating income decreased approximately $23.3 million primarily due to higher amortization of the Toshiba regulatory liability over the nuclear regulatory assets in the prior year. This was partially offset by higher nuclear equipment and Camp Hall sales in the current year.

The $540,000 variance in capital contributions and transfers represents an increase in dollars paid to the State. This payment is based on a percentage of total projected revenues which were higher in the 2022 budget as compared to 2021.

The change in net position totaled $21.4 million for the nine months ended September 30, 2022, a $74.1 million decrease from the change in net position that occurred for the nine months ended September 30, 2021.

As a result of the above variances, net position totaled approximately $2.2 billion, a $34.9 million decrease.

[Remainder of page intentionally left blank]

The Nine Months Ended September 30, 2022 Compared to Budget for the Same Period

	Nine Months Ended September 30, 2022			
	Actual	Budget	Variance	
	(Unaudited) (Dollars in Thousands)			%
Operating:				
Operating revenues	$1,508,787	$1,411,578	$97,209	7
Operating expenses[(1)]	1,292,836	1,070,517	222,319	21
Operating income	$215,951	$341,061	$(125,110)	(37)
Non-operating revenues (expenses):				
Interest charges[(2)]	(213,193)	(228,208)	15,015	7
Costs to be recovered from future revenue (expense)	(621)	(837)	216	26
Other non-operating income (expenses)	36,943	(10,304)	47,247	459
Income before transfers	39,080	101,712	(62,632)	(62)
Capital contributions and transfers	(17,675)	(17,674)	(1)	0
Change in net position	$21,405	$84,038	$(62,633)	(75)

(1) Operating expenses for the nine months ended September 30, 2022 are net of $242.5 million of Cook Deferred Expenses that have been deferred and recorded as a regulatory asset. See "RECENT DEVELOPMENTS – Cook Settlement Agreement."

(2) Interest charges for the nine months ended September 30, 2022 are net of $8.4 million of Cook Deferred Expenses that have been deferred and recorded as a regulatory asset. See "RECENT DEVELOPMENTS – Cook Settlement Agreement."

Operating revenues for the nine months ended September 30, 2022, were higher than budgeted by $97.2 million due to higher fuel rate revenues of $80.4 million mainly from the Industrial category for certain customers that are not subject to the Rate Freeze and higher than budgeted kWh sales revenues of $13.1 million. Also, higher than projected operating and maintenance rate revenues contributed to higher revenues by $5.2 million.

Operating expenses were higher than projected by $222.3 million due to higher: (i) fuel and purchased power ($477.0 million) from increased kWh sales, higher commodity prices for the generation mix utilized, and increased use of purchased power and natural gas due to plant outages and coal stockpile management as a result of coal transportation issues and supply issues as a result of a mine fire at the Authority's largest and lowest cost coal supplier, as well as higher costs in the energy markets due to elevated natural gas prices (see "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices"); and (ii) depreciation ($16.2 million) from timing differences associated with new capital assets placed into service in the current year. These increases were offset by credits to operating expenses from the deferral of the Cook Deferred Expenses recording of the Cook Exceptions Regulatory Asset totaling approximately $242.5 million. Also offsetting the increases were lower: (i) non-fuel Generation from lower labor and contract services; and (ii) administrative and general from lower contract services and materials.

Interest charges were lower than budget by $15.0 million due primarily to the unbudgeted Cook Exceptions Regulatory Asset lowering interest charges by $8.4 million. Also, the savings impacts from the tender and exchange refunding transaction that the Authority completed in February 2022 through the issuance of its Revenue Obligations, 2022 Tax-Exempt Refunding Series A and 2022 Tax-Exempt Refunding Series B were not included in the budget.

For the nine months ended September 30, 2022, CTBR expense was lower than budget due primarily to lower than projected principal amortization.

Other non-operating income was $47.2 million higher than projected due to higher nuclear equipment and Camp Hall sales, TEA gains, and lower than projected amortization of the nuclear regulatory assets.

As a result of the variances noted above, the change in net position was $62.6 million lower than budgeted.

Historical Annual Operating Results

A summary of the Authority's revenues available for debt service, lease payments and other purposes and debt service coverage ratios for years ending December 31, 2017 through 2021 is set forth below:

	Fiscal Year Ending December 31 (Audited) (Dollars in Thousands)				
	2021	**2020**	**2019**	**2018**	**2017**
Operating Revenues	$1,765,785	$1,627,427	$1,722,676	$1,806,620	$1,756,983
Other Income	2,075	3,216	7,922	11,103	12,403
Total	1,767,860	1,630,643	1,730,598	1,817,723	1,769,386
Operating Expenses (less depreciation)	1,237,211	1,018,691	1,122,259	1,213,111	1,176,077
Revenues Available for Debt Service and Other Purposes	530,649	611,952	608,339	604,612	593,309
Debt Service on Revenue Obligations [(1)]	414,961	419,089	423,624	391,219	392,704
Balance Available for Other Purposes	$ 115,688	$ 192,863	$ 184,715	$ 213,393	$ 200,605
Debt Service Coverage:[(2)]	1.27x	1.46x	1.43x	1.54x	1.51x

(1) The Revenue Obligation Resolution provides for debt service on Revenue Obligations to be paid from Revenues prior to payments for operating and maintenance expenses. See "SECURITY FOR THE 2022 BONDS – Flow of Funds."

(2) Calculation of coverage excludes debt service on Commercial Paper Notes and loans under the Revolving Credit Agreements and is prior to distributions to the State and, for 2019 only, the special item of $200 million payable under the Cook Settlement Agreement (the "Special Item"). See APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS" under the heading "Note 15 – 2019 Special Item".

Debt Service Coverage. The Authority's 2021 DSC was 1.27x. The decline in DSC from 2020 to 2021 was largely attributable to the coal supply issues as described in "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices."

For further information, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS."

[Remainder of page intentionally left blank]

Management's Discussion of Selected Historical Annual Financial Information

Calendar Year 2021 Versus Calendar Year 2020

The following table sets forth selected financial information of the Authority for years 2021 and 2020.

	Year			
	2021	2020	Variance	
	(Audited) (Dollars in Thousands)			%
Operating:				
Operating revenues	$1,765,785	$1,627,427	$ 138,358	9
Operating expenses	1,496,286	1,263,683	232,603	18
Operating income	$ 269,499	$ 363,744	$(94,245)	(26)
Non-operating revenues (expenses):				
Interest charges	(304,946)	(319,592)	14,646	5
Costs to be recovered from future revenue (expense)	3,145	(54,431)	57,576	106
Other non-operating income (expenses)	88,566	62,333	26,233	42
Income before transfers and Special Item	56,264	52,054	4,210	8
Capital contributions, transfers, and Special Item	(17,135)	(17,479)	344	2
Change in net position	39,129	34,575	4,554	13
Total net position – beginning	2,099,651	2,065,076	34,575	2
Total net position – ending	$2,138,780	$2,099,651	$ 39,129	2

Compared to 2020, operating revenues in 2021 increased $138.4 million (9%), primarily due to higher energy sales (11%) and demand usage (13%) largely due to impacts from the COVID-19 pandemic in the prior year. Also contributing to the increase in energy sales was a new industrial agreement and increased production requirement with two of the Authority's existing industrial customers adding $42.5 million and $19.7 million in 2021, respectively. Milder weather during 2020 also added to the increase in 2021. Additionally, higher demand and fuel rate revenues of $6.5 million and $34.5 million, respectively, added to the increase. There was also an increase from Century's supplemental energy requirements of $29.1 million. Somewhat offsetting these increases were decreases to revenue from the Central cost of service true-up adjustments totaling $28.2 million. Also contributing to the offset was the impact from the prior year's Central Economic Development Rider ("EDR") on revenues of $13.7 million that is not present in the current year due to Central's participation in the program ending. Energy sales for 2021 totaled approximately 24.6 million megawatt hours (MWhs), as compared to approximately 22.2 million MWhs for 2020.

Operating expenses for 2021 increased $232.6 million (18%) as compared to 2020. Primary drivers were higher fuel and purchased power expenses of $172.5 million from higher kWh sales and increased use of purchased power and natural gas due to plant outages and coal stockpile management as a result of coal transportation issues and supply issues as a result of a mine fire at the Authority's largest and lowest cost coal supplier, as well as higher costs in the energy markets due to higher natural gas prices. See "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices." Also contributing was the recent implementation of a non-cash coal adder to incentivize a lower coal burn to help maintain coal stockpile inventories for the upcoming winter. Somewhat offsetting this was lower natural gas generation during 2021 due to increased commodity prices. Non-fuel operating expenses increased $61.2 million largely from contract services and materials associated with plant outages at Cross, Rainey and Winyah as well as a Cross spring outage in 2020 being postponed until 2021. In addition, there was a COVID-19 reimbursement reversal; and depreciation ($14.1 million) mainly from assets placed into service in the current year. Somewhat offsetting these increases were lower administrative and general expenses of $14.8 million primarily due to a large

actuarially determined GASB No. 68 (pension) credit from better-than-expected investment performance on trust assets.

Interest charges for 2021 were $14.6 million lower primarily due to a refunding transaction that was completed in November 2020 and a cash defeasance in December 2020.

For the year ended December 31, 2021, CTBR expense was lower by $57.6 million mainly as result of an adjustment to revise depreciation amortization in the prior year.

Other non-operating income increased $26.2 million, resulting primarily from higher gains from TEA ($16.9 million) and lower current year net amortization expense ($17.1 million) associated with the Pee Dee and nuclear regulatory assets and the Toshiba Corporation settlement regulatory liability. See "SUMMER NUCLEAR UNITS 2 AND 3 – *Regulatory Accounting for Summer Nuclear Units 2 and 3*." This amortization aligns with impacts from debt defeasances as well as capital expenditures, which were greater in the prior year.

The $344,000 variance in capital contributions and transfers represents a decrease in dollars paid to the State. This payment is based on a percentage of total projected revenues which were lower in the 2021 budget as compared to 2020.

The change in net position totaled positive $39.1 million, a $4.6 million or 13% increase from the $34.6 million increase in net position that occurred from 2019 to 2020.

As a result of the variances above, total net position was approximately $2.1 billion, a $39.1 million increase.

[Remainder of page intentionally left blank]

Combined Statements of Net Position - Periods Ended September 30, 2022 and December 31, 2021

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	(Dollars in Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents[1]	$ 402,092	$ 299,487
Unrestricted investments	192,396	303,625
Restricted cash and cash equivalents	18,887	36,630
Restricted investments	249,854	182,343
Receivables, net of allowance for doubtful accounts	213,341	175,810
Other current assets	572,776	402,653
Total current assets	$1,649,346	$1,400,548
Noncurrent assets		
Restricted cash and cash equivalents	$ 471	$ 269
Restricted investments	122,759	152,254
Utility plant	9,475,338	9,425,272
Accumulated depreciation	(4,541,021)	(4,422,072)
Investment in associated companies	26,820	21,956
Costs to be recovered from future revenue	222,365	222,986
Regulatory assets – OPEB	152,497	152,497
Regulatory assets – Nuclear[2]	3,604,236	3,697,704
Regulatory assets – Cook Deferred Expenses[3]	250,865	0
Other noncurrent and regulatory assets	283,254	189,320
Total noncurrent assets	$ 9,597,584	$ 9,440,186
Total assets	$11,246,930	$10,840,734
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	$ 53,010	$ 53,010
Deferred outflows - OPEB	49,090	49,090
Deferred outflows – Asset retirement obligation	643,157	672,804
Accumulated decrease in fair value of hedging derivatives	25,402	11,264
Unamortized loss on refunded and defeased debt	189,886	86,398
Total deferred outflows of resources	$ 960,545	$ 872,566
Total assets and deferred outflows of resources	$12,207,475	$11,713,300
LIABILITIES		
Long-term debt - net	$7,142,559	$6,961,591
Current liabilities	858,669	671,887
Noncurrent and other liabilities	1,210,062	1,240,899
Total liabilities	$9,211,290	$8,874,377
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	$ 75,525	$ 75,525
Deferred inflows - OPEB	9,388	9,388
Accumulated increase in fair value of hedging derivatives	304,466	118,208
Nuclear decommissioning costs	202,367	245,933
Deferred inflows - Toshiba settlement	244,254	251,089
Total deferred inflows of resources	$836,000	$700,143
NET POSITION		
Net investment in capital assets	$ 1,770,677	$ 2,010,384
Restricted for debt service	68,232	9,214
Restricted for capital projects	0	0
Unrestricted	321,276	119,182
Total net position	$ 2,160,185	$ 2,138,780
Total liabilities, deferred inflows of resources and net position	$12,207,475	$11,713,300

(1) Includes certain hedging collateral of $56.2 million at December 31, 2021 and $223.1 million at September 30, 2022. See "RECENT DEVELOPMENTS – The Authority's Cost Mitigation, Liquidity and Funding Plan."

(2) See "SUMMER NUCLEAR UNITS 2 AND 3 – Regulatory Accounting for Summer Nuclear Units 2 and 3."

(3) See "RECENT DEVELOPMENTS – Cook Settlement Agreement."

Impact of COVID-19

The Authority is a major provider of essential services within the State and so it continues to monitor the continuing impacts of the COVID-19 pandemic. To date, while the COVID-19 pandemic has impacted the Authority as noted in this Official Statement, there has not been a material adverse impact to the Authority's operations or its operating results from the COVID-19 pandemic. See "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices – *Continuing Limited Coal Supply*," "RECENT DEVELOPMENTS – Cook Settlement Agreement – *Annual Cook Compliance Reports*," "FINANCIAL INFORMATION – Management's Discussion of Selected Historical Annual Financial Information," and "HISTORICAL SALES– Historical Demand, Sales, and Revenues."

Economic and Demographic Information

See APPENDIX D – "CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION" for a description of certain financial, demographic, and economic information affecting the Authority's operations.

CUSTOMER BASE

Service Area

The Authority's primary business operation is the production, transmission, and distribution of electrical energy, both at wholesale and retail, to citizens of the State. The Authority is one of the nation's largest municipal wholesale utilities, whose system serves directly or indirectly approximately two million South Carolinians in all 46 counties of the State. The Authority serves directly and indirectly suburban areas outside Charleston, Columbia, Greenville, and Spartanburg as well as the coastal areas of Myrtle Beach and the Grand Strand, Hilton Head Island, Kiawah Island and Seabrook Island. In 2021, the Authority's kWh energy sales were comprised of 62.6% to wholesale customers, 21.4% to large industrial customers and 16.0% to residential, commercial, and other customers. See "HISTORICAL SALES – Historical Demand, Sales and Revenues."

Under State law, the Authority has an exclusive right to serve within its assigned retail service territory, and it has the exclusive right to continue to serve the large industrial premises outside its assigned service territory that it is currently serving. If any customers, premises, or electric cooperatives located outside the present service area of the Authority and being served by the Authority, including any subsequent expansions or additions by such customers, premises, or cooperatives, cease or discontinue accepting electrical service from the Authority, the Authority may subsequently sell and furnish electrical service to new customers, premises, or electric cooperatives from its major transmission lines in an amount not exceeding the amount of power the sale of which was lost by reason of such discontinuation of service.

Under State law, the Authority also has the right to enter into agreements with other electric suppliers concerning service areas and corridor rights. The SCPSC has the authority to approve said agreements and to reassign said service area or corridor rights if, after giving notice and an opportunity for a hearing to interested parties, the SCPSC finds the agreements to be fair and reasonable. The SCPSC does not have the authority to alter or amend any such agreement unless all affected electric suppliers agree to the alteration or amendment.

See "CUSTOMER BASE – Wholesale Customers – *Central*," "CUSTOMER BASE – Wholesale Customers – *Other*," "CUSTOMER BASE – Large Industrial and Military Customers" and "CUSTOMER BASE – Retail Customers."

Wholesale Customers

Central. Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives listed below (the "Central Cooperatives") which are members of Central pursuant to long-term all-requirements power supply agreements, including the five electric distribution cooperatives that were formerly members of Saluda River Electric Cooperative, Inc. ("Saluda"). Central serves primarily residential, commercial, and small industrial customers in all 46 counties of the State. The Central Cooperatives serve areas ranging from sparsely populated rural areas to heavily populated suburban areas. The table below lists each of the Central Cooperatives, the location of their headquarters, and the number of customers for calendar years 2019-2021.

Central Cooperatives	Headquarters	2019 Customers	2020 Customers	2021 Customers
Aiken Electric Cooperative, Inc.	Aiken	48,359	49,307	50,389
Berkeley Electric Cooperative, Inc.	Moncks Corner	105,779	110,291	116,011
Black River Electric Cooperative, Inc.	Sumter	32,867	33,343	33,765
Blue Ridge Electric Cooperative, Inc.(1)	Pickens	67,131	67,958	69,431
Broad River Electric Cooperative, Inc.(1)	Gaffney	22,241	22,879	22,852
Coastal Electric Cooperative, Inc.	Walterboro	11,653	11,727	11,777
Edisto Electric Cooperative, Inc.	Bamberg	20,308	20,550	20,757
Fairfield Electric Cooperative, Inc.	Winnsboro	30,081	30,768	31,755
Horry Electric Cooperative, Inc.	Conway	81,919	84,507	87,422
Laurens Electric Cooperative, Inc.(1)	Laurens	59,031	60,308	61,147
Little River Electric Cooperative, Inc.(1)	Abbeville	14,347	14,508	14,735
Lynches River Electric Cooperative, Inc.	Pageland	21,301	21,543	21,821
Marlboro Electric Cooperative, Inc. (2)	Bennettsville	6,460	6,577	6,607
Mid-Carolina Electric Cooperative, Inc.	Lexington	57,378	58,107	59,074
Newberry Electric Cooperative, Inc.	Newberry	13,051	13,207	13,344
Palmetto Electric Cooperative, Inc.	Ridgeland	74,350	75,715	76,749
Pee Dee Electric Cooperative, Inc.	Darlington	30,490	30,785	30,665
Santee Electric Cooperative, Inc.	Kingstree	43,480	43,805	44,110
Tri-County Electric Cooperative, Inc.	St. Matthews	18,102	18,278	18,335
York Electric Cooperative, Inc.(1)	York	62,335	64,433	66,723

(1) Former members of Saluda ("Former Saluda Members").
(2) On December 18, 2020, Marlboro Electric Cooperative ("MEC") filed a lawsuit in federal court seeking to withdraw its membership and terminate its contractual relationship with Central. On March 28, 2022, the Court granted summary judgement in Central's favor and dismissed MEC's claims. MEC is currently seeking reconsideration of that Order.

The Authority supplies the total power and energy requirements of the Central Cooperatives less amounts which Central purchases directly from Southeastern Power Administration (the "SEPA"), amounts provided by Duke Energy Carolinas, LLC ("Duke Energy Carolinas"), a subsidiary of Duke Energy Corporation ("DEC"), as described below, and small amounts purchased from others. In 2021, revenues pursuant to the Central Agreement (as defined below) amounted to approximately 58% of the Authority's revenues from sales.

The Authority serves Central under the terms of a coordination agreement between the Authority and Central which became effective in January 1981 (as subsequently amended or revised, the "Central Agreement") and cannot be terminated earlier than December 31, 2058. Under the Central Agreement's 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. Central has entered into all-requirements agreements with the Central Cooperatives that extend through December 31, 2058 and such agreements obligate those members to pay their share of Central's costs, including costs paid under the Central Agreement.

Rates under the Central Agreement have historically been developed under a cost of service methodology and have been adjusted automatically on a monthly basis to reflect actual fuel cost and on an annual basis to reflect actual non-fuel cost, including operation and maintenance, debt service and a Capital Improvement Fund charge. The cost of service methodology includes, among other things, allocating debt service and Capital Improvement Fund charges to the cost categories based on plant balances and allocating production related costs in a manner that reflects the nature of the generating resources.

The Central Agreement was revised in May of 2013 (the "May 2013 Revision") to formalize the resource planning process, including outlining how the parties will jointly plan and determine the need for new resources. In accordance with the May 2013 Revision, Central is able to decide whether or not to participate in major new resources which were not completed or under construction as of January 1, 2013. If Central decides to participate in a resource, the costs for the new resource are included and shared under the Central Agreement. If Central decides not to participate in a proposed resource, the parties will obtain their own resources based on their *pro rata* share of the proposed resource and each party will be responsible for the cost of its own non-shared resources. The May 2013 Revision was intended to provide certainty to the Authority's planning process and, with the earliest termination date deferred to December 2058, allow the Authority to align its existing and future debt service with the useful lives of its assets and its future revenue streams. See "RECENT DEVELOPMENTS – Central Option Relating to Proposed Natural Gas Combined Cycle Shared Resource."

In accordance with and as permitted under the terms of the Central Agreement, Central audits the Authority's books and the annual cost of service study used to develop their rates under the Central Agreement. As part of these audits, Central has inquired about the Authority's treatment of a portion of certain debt defeasances. The Authority and Central are in discussions about this inquiry which could have a potential impact of approximately $26 million for the Authority if the matter is resolved as Central has proposed. In addition, two other matters resulting as part of these audits are under dispute and are more fully described under "LITIGATION – Pending Matters or Disputes – *Net Plant Dispute by Central"* and "– *Gypsum Dispute – Arbitration Initiated by Central*."

Other. In addition to Central, the Authority provides wholesale electric service to the City of Georgetown, the City of Bamberg, the City of Seneca, and Dominion Energy South Carolina, Inc. ("Dominion") (formerly known as South Carolina Electric & Gas Company), pursuant to long-term contracts. Dominion gave notice to terminate service to the former Charleston Navy Yard effective May 6, 2020 but remains a customer of the Authority under an unrelated agreement. Service agreements were executed in 2013 with the City of Georgetown and the City of Bamberg with terms of 10 years and 20 years, respectively. Under the terms of its contract with the Authority, the City of Georgetown can give a two year notice at the end of October 2022. The Authority has responded to the City of Georgetown's request for proposals.

The Authority executed a service agreement to provide wholesale electric service to the City of Seneca beginning July 1, 2015 for a term of 10 years. Power generated by the Authority is being delivered to Seneca through the Authority and Blue Ridge Electric Cooperative, which has joined the contract as an additional electric provider to the City of Seneca. Sales to these customers and off-system sales to other utilities and power marketers during 2021 represented approximately 3.2% of revenues from sales.

Additionally, the Town of Waynesville, North Carolina, entered into a long-term purchase agreement with the Authority to receive wholesale electric service beginning January 1, 2017 for a term of 10 years.

The Authority has a long-term power agreement with Piedmont Municipal Power Agency ("PMPA") pursuant to which the Authority provides PMPA its supplemental electric power and energy requirements (ranging from approximately 200 MW to 300 MW) above its current resources. This agreement commenced on January 1, 2014, for a term of no less than 12 years. PMPA has notified the Authority that three member cities provided notice to terminate their supplemental agreements with PMPA effective December 31, 2028,

and these three participants will no longer be included as member cities effective as of such date. PMPA has also notified the Authority that the other six member cities provided notice to terminate their supplemental agreements with PMPA effective December 31, 2029, and that these six participants will no longer be included as member cites effective as of such date.

The Authority also has an agreement pursuant to which it provides Alabama Municipal Electric Authority with 50 MW unit-contingent capacity and associated energy (25 MW - 50 MW). This agreement commenced on January 1, 2014, for a term of 10 years. This agreement is scheduled to expire on December 31, 2023 and will not be renewed.

Retail Customers

The Authority also serves directly approximately 200,000 residential, commercial, and small industrial retail customers in its assigned retail service territory, which includes parts of Berkeley, Georgetown, and Horry counties.

The Authority owns and operates distribution facilities and serves retail customers in two non-contiguous areas covering portions of Berkeley, Georgetown, and Horry Counties. These service areas include 3,069 miles of distribution lines. The following table presents retail customer growth from 2017 through 2021 in these areas.

Retail Customer Growth

Year	Residential	Commercial and Small Industrial	Total	Annual Increase %
2017	151,044	29,614	180,658	2.2
2018	154,586	30,530	185,116	2.5
2019	158,032	31,145	189,177	2.2
2020	163,205	30,725	193,930	2.5
2021	167,881	30,813	198,694	2.4

Sales to residential, commercial, and small industrial customers and certain other customers are made pursuant to rate schedules established from time to time by the Authority. The vast majority of such rate schedules include monthly automatic fuel adjustment and demand sales adjustment clauses. However, the monthly automatic fuel adjustment and the demand sale adjustment, as well as the economic development sales adjustment, have been suspended for select rates of these customer classes during the Rate Freeze Period. Additionally, the rate schedules for most of these customers may not be changed during the Rate Freeze Period, effectively locking in the current rate schedules and pricing for the duration of the Rate Freeze Period. Sales to this customer group represented approximately 23.4% of revenues from sales in 2021. See "RATES AND RATE COMPARISON – Rate Comparison" and "RATES AND RATE COMPARISON – Rate Structure."

Large Industrial and Military Customers

The Authority's direct customers currently include 27 large industrial and military customers, including Joint Base Charleston and Central. The Authority offers a large power rate schedule for large industrial customers which contract for a minimum of 1,000 kilowatts ("kW") for initial periods of not less than five years (Large Light and Power Rate ("Schedule L")). As of December 2021, the Authority had 603 MW of non-firm power under contract through its Large Light and Power Schedule. The provisions of Schedule L contain demand and energy recovery components and include monthly automatic fuel adjustment and demand sales adjustment clauses, minimum demand charges and other provisions generally used in large industrial power rate schedules. Customers served under Schedule L, including customers served under the "Interruptible" and "Economy Power – Optional" riders of Schedule L, are subject to the Rate Freeze, locking the fuel adjustment, demand sales adjustment and economic development sales adjustment values to those of

Schedule B of the Cook Settlement Agreement for the entire Rate Freeze Period. See "RATES AND RATE COMPARISON." Of the 29 customers served under Schedule L, 27 customers are directly served by the Authority including Joint Base Charleston, and two customers are served indirectly through Central. The Authority also serves the Santee Cooper Regional Water System under Schedule L; however, these revenues are classified as an intra-departmental sale, and are not included in the industrial sales revenue information provided in the paragraph below. During 2021, revenues from sales to large industrial customers averaged 5.21 cents per kWh.

The average cost per kWh varies depending upon the customer's usage and load factor. Sales to large industrial customers during 2021 were approximately $274 million and represented approximately 15.7% of revenues from sales, which includes 5.5% for Nucor Corporation ("Nucor"), and 7.7% for the next eight largest industrial customers, of which no one customer represents more than 3.6% of sales. In 2021, the percentage of revenues from sales to Century Aluminum of South Carolina, Inc. ("Century Aluminum" or "Century"), formerly Alumax of South Carolina, Inc., amounted to approximately 3.6%. Of the 15.7% of revenues from sales, approximately 63.2% represents fuel cost recovery.

Power Contract with Century Aluminum. The Authority executed a new contract with Century Aluminum, on March 26, 2021, that became effective on April 1, 2021, and extends through December 31, 2023. This new contract preserves existing jobs at the Mt. Holly facility as well as creates new jobs. The contract will also generate an anticipated positive net cash flow that is expected to increase the Authority's net income during the Rate Freeze Period and recaptures 150 MW in import capability. Century Aluminum has been a customer of the Authority since 1977. Century Aluminum will increase its facility capacity by 50%, and the facility will require a total of approximately 290 MW of power. Approximately 98% of the load is served under Schedule L and the remainder is served under other currently available non-firm riders. In addition to its standard termination provisions, the contract contains a provision that allows for early termination by Century Aluminum upon 120 days' prior written notice, effective no earlier than January 1, 2023. In June of 2021, Century announced the Mt. Holly restart program that is expected to return the Mt. Holly facility to 75% capacity or about 170,000 metric tons annually. Century is expected to reline all of the pots on line one, which has been operating continuously, and also reline and reenergize half of line two, which had been shuttered since 2015. The majority of the reline activity took place in 2021 and the remaining relines are scheduled to occur in 2022 and 2023.

Long-Term Power Contract with Nucor. Nucor has been a customer since 1996 and receives service from the Authority under a long-term power agreement effective October 1, 2016. The initial five-year term on this agreement expired September 30, 2021, however the agreement remains in effect thereafter for additional terms of two years each, unless terminated by written notice of such intention from either party at least one year prior to the expiration of the subsequent term. Termination of service requires reduction in contract demands to zero, as determined per the notice requirements and reduction amounts specified under the applicable rate schedules to which they receive service, which would take approximately four years. To date Nucor has not provided notice to terminate. In total, this contract provides for delivery of approximately 300 MW of power, the majority of which is provided under the Authority's non-firm rate schedules.

RATES AND RATE COMPARISON

Authorization

Under the Act, the Board is empowered and required to set rates as necessary to produce revenues sufficient to provide for the payment of all expenses, the conservation, operation and maintenance of its facilities and properties and the payment of its interest and principal on its bonds, notes and other obligations. The Board is required to adopt and publish pricing principles that respect and balance certain factors including, but not limited to, adherence to the Authority's mission to be a low-cost provider, reliability, transparency, preservation of the Authority's financial integrity, equity among customer classes, gradualism in adjustments

to its pricing and rate schedule type, encouragement of efficiency and demand response, adequate notice to customers, and relief mechanisms for financially distressed customers. The Act establishes a process that is similar to the process previously approved by the Board for prior rate studies and adjustments.

While there is no governmental or regulatory entity, other than the Board, having jurisdiction over the rates of the Authority, in accordance with the terms of the Cook Settlement Agreement, the Board in 2020 authorized management to lock the rate schedules and variable rate components of select rates consistent with the rates that were developed and projected in the Authority's 2019 Reform Plan during the Rate Freeze Period. See "RECENT DEVELOPMENTS – Cook Settlement Agreement" and "RATES AND RATE COMPARISON – Cook Settlement as to Rates."

Revenue Obligation Resolution Requirements

The Revenue Obligation Resolution requires the Authority to establish, maintain and collect rents, tolls, rates and other charges for power and energy which will be adequate to provide the Authority with Revenues sufficient to pay when due all payments which the Authority is obligated to pay from the Revenues of the System by law or contract. The Revenue Obligation Resolution also requires that, so long as any Revenue Obligations are Outstanding, the Authority may not furnish or supply electric, or other form of, energy or water furnished by the Authority or in connection with the operation of the System, free of charge to any person firm or corporation. See "SECURITY FOR THE 2022 BONDS – Rate Covenant."

Cook Settlement as to Rates

On July 31, 2020, the Board authorized management to implement the terms of the Cook Settlement Agreement reached in the Cook Case which provides, in part, for Settlement Rates (as defined below) that are effective through the Rate Freeze Period, as described in "RECENT DEVELOPMENTS – Cook Settlement Agreement." A copy of the Cook Settlement Agreement may be found on the Authority's website at the following address: https://www.santeecooper.com/About/Increasing-Value/_pdfs/2020.03.17-Cook-Settlement-Agreement-and-Release-among-all-parties-Fully-executed-4821-1458-3735-v.1.pdf. *No statement or information on the Authority's website is incorporated by reference herein.*

The Rate Freeze agreed to by the Authority in the Cook Settlement Agreement is consistent with rates and the rate stabilization period that was set forth in the Authority's original plan for reform, restructuring, and changes in operations submitted to the State's Department of Administration ("DOA") in November 2019 as part of the State's evaluation of whether or not to sell some or all of the Authority. The Authority's plan was subsequently modified by the Authority following discussions with the DOA and Central. On January 24, 2020, the Authority submitted its plan dated January 3, 2020 to the South Carolina General Assembly pursuant to Act No. 95 of 2019 (the "2019 Reform Plan"). The Authority's 2019 Reform Plan identified a series of changes to the Authority's generation and transmission systems as well as expense management and other initiatives intended to achieve cost savings and optimize efficient operations.

The 2019 Reform Plan also included a financial forecast that projected future revenue and expenses. The forecast projected three major "adjustments" to the primary rate components (energy and demand charges) of most customers of the Authority; the Fuel Adjustment, Demand Sales Adjustment and Economic Development Sales Adjustment. The purpose of these adjustments is to "true up" their values to "actual" from base rates set during the last rate study. Under normal conditions these values are calculated and then applied to customer bills monthly. As part of the Cook Settlement Agreement, however, these values are no longer calculated and applied to bills of almost all Authority customers monthly; they have largely been "frozen" to those provided in the 2019 Reform Plan financial forecast.

In accordance with the terms of the Cook Settlement Agreement, the Board authorized management to freeze the rate schedules and suspend the existing variable rate components of select rates and replace them

with those established in the Cook Settlement Agreement during the Rate Freeze Period (the "Settlement Rates"). The Settlement Rates impact a majority of the Authority's customers and freeze the majority of Central's rate components to those established in Schedule A of the Cook Settlement Agreement, and most variable rate components for the majority of the Authority's non-Central customers to those projected in Schedule B of the Cook Settlement Agreement. The Settlement Rates suspend the operation of the fuel adjustment, demand sales adjustment, and economic development sales adjustment for customers with rate codes designated on Schedule B of the Cook Settlement Agreement. This results in rates being frozen for almost all residential and commercial customers participating in the Settlement Rates, as well as industrial customers served under the Schedule L rate and the Interruptible and Economy Power Optional riders. The Settlement Rates under Schedule B also apply to customers with contractual rates based on the Municipal Street Lighting rate (ML), the cities of Bamberg, Georgetown, and Seneca.

The Authority currently expects that projected Revenues using the Settlement Rates described herein along with the deferral of the expenses identified as Cook Rate Freeze Exceptions will be sufficient to meet the obligations of the Authority under the Revenue Obligation Resolution. See "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices."

Rate Structure

The Authority has seasonal rates for the majority of its residential, commercial, and industrial customers. Seasonal energy charges reflect higher charges during the summer months when higher energy costs are incurred. During 2021, revenues from sales to residential, commercial, and other customers averaged 10.4 cents per kWh based on the then current rates which reflected the suspension of fuel adjustments and credits for demand sales adjustments described below.

The Authority's rate schedules also include monthly automatic fuel adjustment clauses which provide for increases or decreases to the basic rate schedules to cover increases or decreases in the cost of fuel to the extent such costs vary from a predetermined base cost. The Authority's rate schedules also include a demand sales adjustment clause which provides for increases or decreases to the basic rate schedules to reflect increases or decreases in demand revenues from non-firm sales (such as interruptible and economy power rate schedules and riders) and off-system sales to the extent such revenues vary from predetermined amounts included as credits to firm base rates. These adjustment clauses are suspended for customers with rate codes designated on Schedule B of the Cook Settlement Agreement during the Rate Freeze Period, which impacts the majority of residential, commercial, and industrial customers. See "– Cook Settlement as to Rates" above.

The Authority has developed and offers time-of-use, and off-peak rates to its direct-served commercial and industrial customers to encourage them to reduce their peak demand.

The Authority also offers a large power rate schedule for large industrial customers which contract for a minimum of 1,000 kW for initial periods of not less than five years. See "CUSTOMER BASE – Large Industrial Customers" above.

Rates under the Central Agreement have historically been determined in accordance with the cost of service methodology contained in the Central Agreement. Under the Central Agreement, Central initially pays for its power supply based on the Authority's projected costs and loads. The charges are then adjusted, on an annual basis, to reflect actual costs and load and Central is charged or credited the difference between the amounts paid based on projected rates and the amounts due based on actual rates. During 2021, revenues from sales to Central and other wholesale requirements customers averaged 7.00 cents per kWh. For a more detailed discussion of the terms of the agreement with Central see "CUSTOMER BASE – Wholesale Customers – *Central*" and for a description of litigation filed by Central against the Authority and recently settled, see "RECENT DEVELOPMENTS – Cook Settlement Agreement" and "– Cook Settlement as to Rates" above.

In August of 2020, the majority of Central's rates were fixed to values dictated in the terms of the Cook Settlement Agreement, as described above in "– Cook Settlement as to Rates." Rates for Central will be established and held at the values listed in Schedule A of the Cook Settlement Agreement for the Rate Freeze Period. In January of 2025, Central's rates will return to being calculated as described above under "CUSTOMER BASE – Wholesale Customers – *Central*."

The Authority has not changed its retail and municipal customer rates since April 1, 2017. Industrial rate L-21-IS was added as an experimental rate effective April 1, 2021, with all other industrial rates staying the same.

Rate Process

The Act establishes a process for the Board to follow when creating or revising any approved retail rate schedules which includes, among other things, notice to customers, as well as to the ORS, of the date the Board is expected to vote on a proposed rate adjustment and the opportunity for a party in interest to provide written or oral comments or questions. Notwithstanding the process established by the Act, the Authority may place adjusted rates and charges into effect on an interim basis under emergency circumstances, such as the avoidance of default of its obligations and to ensure proper maintenance of the System, provided that such interim rates may not remain in effect for more than eighteen months.

The Act also establishes the procedure by which a party, including the ORS, can challenge any rate adjustments that have been approved by the Board with the exclusive remedy being a prospective adjustment of a new rate. On appeal, the South Carolina Supreme Court may not substitute its judgment for the judgment of the Board as to the weight of the evidence on questions of fact. The court may affirm the decision of the Board or remand the case back to the Board for further proceedings. The Supreme Court may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the Board's findings, inferences, conclusions, or decisions are: (a) in violation of constitutional or statutory provisions; (b) in excess of the statutory authority of the Authority; (c) made upon unlawful procedure; (d) affected by other error of law, (e) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; or (f) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

While the Act establishes a process for the Board of the Authority to follow with respect to rate setting, the Act clearly provides that this process shall in no way limit or derogate from the State's covenants in the Act not to impair, alter, limit or restrict the Authority's power to establish rates and charges sufficient to provide for payment of its expenses and debt service on its obligations, including its Revenue Obligations.

Rate Comparison

Comparisons of the Authority's average cost per kWh for firm service at selected monthly usage levels with the average cost per kWh of the three investor-owned utilities that serve the State, based on rates on file with the SCPSC for the period of September 1, 2021, to August 31, 2022, are set forth below.

	Residential 1,000 kWh	**Commercial 5,000 kWh**	**Industrial 9,000 kW- 5,000,000 kWh**
Authority	11.10¢	8.95¢	6.09¢
Duke Energy Carolinas	11.71¢	9.87¢	5.84¢
Duke Energy Progress........	12.10¢	11.12¢	8.18¢
Dominion	12.88¢	12.13¢	7.03¢

HISTORICAL SALES

Historical Demand, Sales, and Revenues

The following table sets forth the peak demand and firm off-system sales to other utilities on the Authority's system as well as the gigawatt hour ("GWh") sales and electric revenues of the Authority for the years 2012 through 2021.

	Peak Demand		Sales		Revenue from Sales		
Year	MW	Annual Increase (Decrease)	GWh	Annual Increase (Decrease)	Amount (Dollars in Thousands)	Annual Increase (Decrease)	Cents Per kWh
2012	5,407	(5.1)	26,756	(2.9)	1,868,808	(1.4)	6.98
2013 [1]	5,053	(6.6)	26,364	(1.5)	1,796,672	(3.9)	6.81
2014 [1]	5,696	12.7	27,353	3.8	1,975,850	10.0	7.22
2015 [1]	5,893	3.5	26,498	(3.1)	1,857,000	(6.0)	7.01
2016 [1] [2]	4,819	(18.2)	23,700	(10.6)	1,722,179	(7.3)	7.27
2017 [1]	5,014	4.0	22,779	(3.9)	1,732,822	0.7	7.61
2018 [1]	5,228	4.3	23,717	4.1	1,781,318	2.8	7.51
2019	4,583	(12.3)	23,229	(2.1)	1,695,055	(4.8)	7.30
2020	4,467	(2.5)	22,233	(4.3)	1,602,923	(5.4)	7.21
2021	4,634	3.7	24,601	10.7	1,741,341	8.6	7.08
Annual Compound Growth Rate (2012-2021)		(1.7)		(0.9)		(0.8)	

(1) Approximately 900 MW of capacity was transitioned off the Authority's system from 2013 and was completed on January 1, 2019. See "CUSTOMER BASE – Wholesale Customers – *Central.*"
(2) Century Aluminum substantially reduced its energy requirements starting in January 2016.

The following table sets forth energy sales by customer class for the years 2017 through 2021.

	Sales (GWh)									
	2017		2018		2019		2020		2021	
Class of Customers		% of Total		% of Total		% of Total		% of Total		% of Total
Wholesale	14,591	64.1	15,259	64.4	14,901	64.1	14,564	65.5	15,402	62.6
Large Industrial	4,420	19.4	4,466	18.8	4,435	19.1	3,995	18.0	5,264	21.4
Residential, Commercial, Small Industrial and Other	3,768	16.5	3,993	16.8	3,892	16.8	3,674	16.5	3,935	16.0
Total	22,779	100.0	23,717	100.0	23,229	100.0	22,233	100.0	24,601	100.0

The following table sets forth revenues from energy sales by customer class for the years 2017 through 2021.

	Revenues (Dollars in Thousands)									
	2017		2018		2019		2020		2021	
Class of Customers		% of Total		% of Total		% of Total		% of Total		% of Total
Wholesale	$1,089,472	62.9	$1,106,826	62.1	$1,062,056	62.7	$1,022,397	63.8	$1,059,588	60.9
Large Industrial	235,068	13.6	245,117	13.8	224,967	13.3	196,682	12.3	274,202	15.7
Residential, Commercial, Small Industrial and Other	408,282	23.5	429,375	24.1	408,032	24.1	383,844	23.9	407,551	23.4
Total	$1,732,822	100.0	$1,781,318	100.0	$1,695,055	100.0	$1,602,923	100.0	$1,741,341	100.0

In 2021, the Authority sold approximately 24,601 GWh of energy. Energy sales in 2020 were lower than 2019 due to the impact of the COVID-19 pandemic. Although energy sales have been relatively flat in

recent years, such sales were achieved during the time when a portion of Central's load was transitioning off the Authority's system and was completed on January 1, 2019. The aggregate amount of power transitioned off the System was approximately 900 MW of capacity. See "CUSTOMER BASE – Wholesale Customers – *Central*" and CUSTOMER BASE – Large Industrial and Military Customers – *Power Contract with Century Aluminum*."

POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES

Power Supply

The Authority plans for firm power supply from its own generating capacity and firm power contracts to equal its firm load, including a 15% summer reserve margin. The Authority owns generation facilities with a current total summer capacity rating of 5,075 MW and a total winter capacity rating of 5,293 MW. The territorial peak demand for 2021 was 4,505 MW. In addition, the Authority enters various power purchase arrangements through which the Authority purchases additional capacity and energy. In 2021, such purchases represented 9.68%, or 540.5 MW, of the Authority's summer power supply peak capability. See "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES – Power Purchase Agreements or Purchases" for additional information.

The electric generation, transmission and distribution facilities owned by the Authority, as well as certain transmission facilities owned by Central, are operated and maintained by the Authority as a fully integrated electric system. The Authority has direct interconnections with five entities with which the Authority has long-term power contracts for energy interchange. See "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES – Interconnections and Interchanges."

The table below details the Authority's resource capacity classified by fuel type for the summer power supply peak capability.

Source of Power Supply (Capacity)	(MW)	% of Total
Coal	3,460	61.9
Natural Gas and Oil	1,117	19.7
Long-Term Contracted Purchases	466	8.3
Nuclear	322	5.7
Owned Hydro Generation	142	2.5
Solar [(1)]	80	1.4
Landfill Methane Gas	29	0.5
Total	5,616	100.0%

(1) Includes 5 MW of the Authority's owned resources and 75 MW of purchased power.

The Authority is currently not subject to any renewable requirements or mandates; however, the Authority supports renewable energy development in the service area. Recent renewable energy programs include a Distributed Generation Rider in which the Authority purchases excess power produced by a retail customer who installs a solar system on their home or business as well as a Community Solar program in which the Authority contracts with customers to provide them a portion of the output from an existing solar power purchase agreement. This program allows customers to participate in solar generation even if they choose not to install solar systems on their home or business.

[Remainder of page intentionally left blank]

Existing Generating Facilities

The Authority's generating facilities consist of the following:

Generating Facilities	Location	Initial Date in Service	Winter Capacity (MW)	Summer Capacity (MW)	Energy Source
Jefferies Hydroelectric Generating Station	Moncks Corner	1942	140	140	Hydro
Wilson Dam Generating Station	Lake Marion	1950	2	2	Hydro
Combustion Turbines Nos. 1 and 2................	Myrtle Beach	1962	20	16	Oil/Gas
Combustion Turbines Nos. 3 and 4 (1)............	Myrtle Beach	1972	20	19	Oil
Combustion Turbine No. 5	Myrtle Beach	1976	25	21	Oil
Combustion Turbine No. 1	Hilton Head Island	1973	20	16	Oil
Combustion Turbine No. 2	Hilton Head Island	1974	20	16	Oil
Combustion Turbine No. 3	Hilton Head Island	1979	60	52	Oil
Winyah Generating Station (2)........................	Georgetown				
No. 1		1975	280	275	Coal
No. 2		1977	290	285	Coal
No. 3		1980	290	285	Coal
No. 4		1981	290	285	Coal
Summer Nuclear Unit 1 (3)	Jenkinsville	1983	322 (4)	322 (4)	Nuclear
Cross Generating Station	Cross				
Unit 1		1995	585	580	Coal
Unit 2		1983	570	565	Coal
Unit 3		2007	580	580	Coal
Unit 4		2008	595	605	Coal
Horry Landfill Gas Station...........................	Conway	2001	3	3	LMG (5)
Lee County Landfill Gas Station	Bishopville	2005	11	11	LMG
Richland County Landfill Gas Station	Elgin	2006	8	8	LMG
Anderson County Landfill Gas Station.	Belton	2008	3	3	LMG
Georgetown County Landfill Gas Station.....	Georgetown	2010	1	1	LMG
Berkeley County Landfill Gas Station	Moncks Corner	2011	3	3	LMG
Rainey Generating Station	Starr				
Unit 1		2002	520	460	Gas
Unit 2A		2002	180	146	Gas
Unit 2B		2002	180	146	Gas
Unit 3		2004	90	75	Gas
Unit 4		2004	90	75	Gas
Unit 5		2004	90	75	Gas
Solar...	Various	2006-2019	5	5	Solar
Total Capability			5,293	5,075	

(1) Myrtle Beach Combustion Turbine No. 4 is currently unavailable until further notice and is not included in totals above.
(2) The Authority has announced the future retirement of Winyah Generating Station. See "RECENT DEVELOPMENTS – Winyah Generating Station."
(3) Virgil C. Summer Nuclear Generating Station Unit 1.
(4) Represents the Authority's one-third ownership interest in Virgil C. Summer Nuclear Generating Station Unit 1.
(5) Landfill Methane Gas ("LMG").

Summer Nuclear Unit 1. The Authority owns a one-third undivided interest in the Virgil C. Summer Nuclear Generating Station Unit 1 ("Summer Nuclear Unit 1"), which has a pressurized water reactor with a Net Dependable Capacity ("NDC") of 966 MW net. The Authority's share of the NDC is 322 MW. Dominion owns the remaining two-thirds undivided interest and operates and maintains Summer Nuclear Unit 1 on its own behalf and as the Authority's agent.

The NRC oversees plant performance through the Reactor Oversight Process ("ROP") assessment program. The ROP assessment program collects information from inspections and performance indicators ("PIs") which the NRC uses to objectively assess a facility's safety performance. The ROP consists of three key strategic performance areas: reactor safety, radiation safety, and safeguards. Results for inspections and PIs are classified as green, yellow, white, or red, with green being the most favorable. Through the second

quarter of 2022, Summer Nuclear Unit 1 is in the Licensee Response Column of the ROP Action Matrix because all inspection findings had very low (i.e., green) safety significance, and all PIs indicated that performance was within the nominal, expected range (i.e., green). As a result of being in the Licensee Response Column, NRC oversight of Summer Nuclear Unit 1 is limited to baseline inspections.

In 2004, the NRC extended the operating license for Summer Nuclear Unit 1 an additional twenty years to August 6, 2042. On December 16, 2021, Dominion filed an "Intent to Pursue License Renewal" notification to the NRC on behalf of itself and the Authority to extend the operating license from August 2042 to August 2062. Dominion anticipates submitting the license application to the NRC by the fourth quarter of 2023.

Under the provisions of the Nuclear Waste Policy Act of 1982, on June 29, 1983, Dominion and the Authority entered into a contract (the "Standard Contract") with the Department of Energy ("DOE") for spent fuel and high-level waste disposal for the operating life of Summer Nuclear Unit 1. The Nuclear Waste Policy Act and the Standard Contract required the DOE to accept and dispose of spent nuclear fuel and high-level radioactive waste beginning not later than January 31, 1998. To date, the DOE has not accepted any spent fuel from Summer Nuclear Unit 1 or any other utility and has not indicated when it anticipates doing so.

Dominion contracted HOLTEC International, The Shaw Group, Inc. ("Shaw") and Westinghouse to build a licensed Independent Spent Fuel Storage Installation ("ISFSI"), which was completed and commenced receiving fuel in 2016. Because of the DOE's failure to meet its obligation to dispose of spent fuel, Dominion and the Authority are being reimbursed by DOE for a portion of ISFSI project costs. The DOE reimbursements to date equal approximately 75% of the total project costs, and the remaining reimbursement remains under dispute between Dominion and the DOE.

Performance Indicators. The following table sets forth certain performance indicators for the Authority's coal-fired generation for the years 2019 through 2021.

	2019	2020	2021
Capacity Factor - %	29.8	28.0	35.1
Availability Factor - %	88.0	92.1	75.8
Forced Outage Rate - %	5.2	2.4	3.8
Net Heat Rate (BTU/kWh)	10,391	10,191	10,388

Performance monitoring systems are in place at the Authority's coal-fired generating stations and at its Rainey Generating Station to optimize each unit's operation while complying with environmental requirements.

All Authority operated units are maintained with computerized maintenance management systems and the use of preventive, predictive, and proactive maintenance practices to achieve high reliability and efficiency at low maintenance cost. In its maintenance program, the Authority utilizes technologies such as vibration analysis, oil analysis, thermography, laser alignment, and non-destructive testing. The Authority continues to implement equipment maintenance programs for the units including major unit components such as control systems, steam generators, and turbine generators. See "THE AUTHORITY – Capital Improvement Program."

[Remainder of page intentionally left blank]

The following table sets forth certain performance indicators for the Authority's combined cycle gas-fired generation for the years 2019 through 2021.

	2019	2020	2021
Net Capacity Factor - %	89.5	87.4	82.2
Availability Factor - %	93.1	90.9	88.7
Forced Outage Rate - %	0.4	0.1	0.2
Combined Cycle Net Heat Rate (BTU/kWh)	7,014	7,014	7,115

The following table sets forth certain performance indicators for Summer Nuclear Unit 1 for the years 2019 through 2021 and for the period of commercial operation from January 1, 1984 through December 31, 2021. The next refueling outage is scheduled for April 7, 2023.

	2019	2020[(1)]	2021[(2,3)]	January 1, 1984 - December 31, 2021
Net Generation – MWh	8,248,436	7,727,529	6,997,107	264,273,839
Capacity Factor - %	97.5	91.1	82.7	84.7
Availability Factor - %	95.9	91.1	82.5	85.8
Forced Outage Rate - %	4.1	0.7	8.4	2.5

(1) Reflects a 30 day scheduled refueling outage in Spring 2020.
(2) Reflects a 36 day scheduled refueling outage in Fall 2021.
(3) Reflects a 26 day unscheduled outage to replace a failed step-up transformer from November 15 to December 10, 2021.

Power Purchase Agreements or Purchases

The Authority presently receives 84 MW of firm supply from the U.S. Army Corps of Engineers and 305 MW of firm hydroelectric power from SEPA. The SEPA allocation consists of 154 MW for wheeling to the SEPA preference customers served by the Authority and 151 MW purchased by the Authority for its customers. The Authority's contract with SEPA is subject to termination only after the Authority delivers a written termination notice to SEPA at least twenty-five (25) months prior to the termination date, or SEPA delivers a written termination notice to the Authority at least twenty-four (24) months prior to the termination date. The Authority may also terminate the contract in the event of a rate adjustment that would result in increased costs to the Authority.

The Authority also receives 74 MW of biomass capacity and associated energy under three power purchase agreements (the first commenced in September 2010 and the most recent in November 2013, with varying terms from 15 to 30 years). There is also an agreement to purchase the output from a 2.5 alternate current MW solar photovoltaic facility that started producing power in December of 2013, which has a 20-year term. The Authority has entered into four separate Purchase Power Agreements ("PPA") totaling 280 MWs, each for five years under PURPA requirements. One of these facilities, Centerfield Solar came online in 2020 and provided 75 MW in 2021. The other three facilities are scheduled to come online in 2022 and 2023.

The Authority may not enter into a contract for the purchase of power with a duration longer than ten years without approval of the SCPSC, provided that the approval is required only to the extent the transaction is not subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission or any other federal agency. For the SCPSC to give its approval, the SCPSC is required to find and determine that the proposed transaction is in the best interests of the retail and wholesale customers of the Authority after consideration of, among other things, the Authority's resource and fuel diversity, reasonably anticipated future operating costs, arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power, and other alternative methods for providing reliable, efficient, and economical electric service. SCPSC approval

is not required for purchases of renewable power through a SCPSC approved competitive procurement program.

Fuel Supply

During 2021, the Authority's energy supply, including energy wheeled to SEPA preference customers, was derived from the following fuel sources:

Source of Power Supply (Energy)	% of Total (MWh)
Coal..	36.7
Nuclear	11.1
Hydro...	3.4
Natural Gas and Oil	24.4
Other Renewables....................................	2.6
Long-term Market Purchases (Net)	21.8
Total..	100.00%

Coal. The Authority contracts for bituminous coal from three primary coal basins: Central Appalachia, Northern Appalachia, and Illinois Basin. Considering quantity and quality requirements, the Authority uses a combination of these coal supplies with long-term and short-term contracts to meet its solid fuel needs at the Winyah and Cross Generating Stations. The Authority evaluates the fuel contracts based on the lowest delivered prices, while ensuring and adapting to future needs.

The Authority has long-term contracts in place with four different suppliers through 2024 and has negotiated shorter term agreements for 2022 and 2023 in order to replace the coal not being provided from its largest coal source (see "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices"). With the addition of these contracted volumes to existing inventory, the Authority has secured 100% of the projected coal burns through 2023 and 88% for 2024. Additional coal can be acquired from spot market purchases if necessary. All the Authority's suppliers have loading facilities for providing delivery of coal in unit train shipments. The Authority owns approximately 1,700 coal cars and can supplement its fleet as needed with cars provided by the railroad and through short term leases. The Authority will also lease out its owned cars to other parties to avoid storage charges during periods when all of its coal cars are not needed for planned shipments. The Authority's current rail transportation contract is in effect through June 30, 2025. The rail transportation contract has a fuel surcharge clause that requires the Authority to pay the retail diesel price overage beyond the base charge; this exposure is mitigated by use of a heating oil financial futures hedge program. Heating oil is a close proxy for retail diesel. Based on the most recent projection of exposure to retail diesel via rail miles traveled, the current heating oil coverage levels for the balance of 2022-2025 are greater than 100% for the balance of 2022 and 79%, 57% and 54% for years 2023, 2024 and 2025, respectively.

The Authority uses a methodology that reflects the impact of coal to gas switching to calculate its coal days on hand. This methodology for calculating coal days on hand uses the annual amount of coal budgeted to be burned divided by 365. The annual burn budget factors in coal to gas generation switching based on economics, using projections based on gas prices and forward price curves available at the time the budget is developed. Using this methodology, the Authority had approximately 44 days of coal on hand as of September 30, 2022 based on average daily burns projected for 2023. See "RECENT DEVELOPMENTS – Fuel Supply Issues and Increased Commodity Prices."

Sulfur dioxide ("SO2") air emission limitations dictate the maximum amount of coal sulfur content that can be used by generating units. The sulfur content of coal received under existing contracts ranges from approximately 0.9% to 3.0%. See "REGULATORY MATTERS – Environmental Matters."

Natural Gas. The Authority has contracted with Transcontinental Gas Pipeline Company, LLC ("Transco") to provide firm gas transportation in an amount approximately equal to the combined cycle unit of the Rainey Generating Station at full load. The fixed rate contract expired on October 31, 2015; however, a service agreement for the same volume is in effect through November 1, 2031 and thereafter on a year-to-year basis at the tariff rate. The current tariff rate is $0.13959 per dekatherm which includes a base reservation rate of $0.13716 which is expected to remain in effect for five years until the next rate case, and an electric power unit rate of $0.00243 that changes approximately annually. The fixed reservation charge is paid regardless of use. Variable charges are incurred as physical nominations are scheduled to flow.

Any additional gas transportation necessary to fuel the remaining needs of the units at the Rainey Generating Station will be purchased on the spot market as needed.

Commodity Risk Management. The Board has approved a policy governing activities related to the Authority's fuels risk management program. The Authority strives to mitigate variations in price with a combination of long-term and short-term contracts, a hedging program, and by taking advantage of market opportunities, such as purchasing and blending off-specification coal when the economics are favorable. The Authority has determined that TEA will execute transactions governed by the policy's procedures. See "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES – The Energy Authority." The Authority purchases the majority of its physical natural gas on a daily or short-term basis. Based on the most recent projection of natural gas volume requirements, the level of natural gas commodity hedged for the remainder of calendar year 2022 is 100%, and 91%, 93%, 78% and 46% for each of the years 2023, 2024, 2025 and 2026, respectively, by way of forward financial positions. The Authority also hedges exposure to retail diesel fuel used in coal deliveries. See "FUEL SUPPLY – *Coal*."

Nuclear. Under the Joint Ownership Agreement for Summer Nuclear Unit 1, Dominion acts for itself and as agent for the Authority in the operation of Summer Nuclear Unit 1 including the acquisition and management of nuclear fuel. Contracts and enriched uranium inventory are in place to supply uranium and conversion services requirements through 2027. Contracts and enriched uranium inventory are in place to supply enrichment service requirements through 2030.

Power Purchases. The majority of the Authority's energy purchases come from TEA but also include PMPA, SEPA, and renewable PPA's. In 2021, TEA purchases accounted for more than 50% of the Authority's total energy purchases.

Transmission

The Authority operates an integrated transmission system which includes lines owned by the Authority as well as those owned by Central and maintained by the Authority. The transmission system includes approximately 1,476 miles of 230 kilovolt ("kV"), 1,938 miles of 115 kV, 1,731 miles of 69 kV and 95 miles of 34 kV and below overhead and underground transmission lines. The Authority operates 91 transmission substations and switching stations serving 94 distribution substations and 419 Central delivery points. The Authority plans the transmission system to operate during normal and contingency conditions that are outlined in electric system reliability standards adopted by the North American Electric Reliability Corporation ("NERC").

Broadband Access

As part of the statewide initiative, the Authority is working with State agencies and private companies to utilize its transmission lines and excess fiber to assist with the delivery of broadband internet to rural areas in the State. The Authority will not provide internet service or act as an Internet Service Provider but is accepting applications for dark fiber leasing and pole attachments from organizations that do provide internet

service. The Authority has entered into a signed agreement with one electric cooperative to assist with the delivery of internet service.

Distribution

The Authority owns distribution facilities in two service areas: the Berkeley District serving retail customers in St. Stephen, Bonneau Beach, Moncks Corner and Pinopolis, and some unincorporated and rural areas in Berkeley County, along with a small parcel in Charleston County; and the Horry-Georgetown Division serving retail customers in Conway, Myrtle Beach, North Myrtle Beach, Loris, Briarcliffe, Surfside Beach, Atlantic Beach, Pawleys Island, unincorporated areas along the Grand Strand and portions of rural Georgetown and Horry Counties. See "CUSTOMER BASE."

General Plant

The Authority owns general plant assets consisting of office facilities; transportation and heavy equipment; computer equipment; and communication equipment necessary to support the Authority's operations. The general plant includes all buildings associated with supporting the operations of the Authority throughout the state. These buildings range from the Moncks Corner Main Office Complex and Horry/Georgetown Office Facility to multiple warehouses, crew quarters, transportation service buildings and various other service buildings.

Interconnection and Interchanges

The Authority's transmission system is interconnected with other major electric utilities in the region. It is directly interconnected with Dominion at twelve locations (one additional interconnection is currently planned and under contract); with Duke Energy Progress at eight locations; with Southern Company Services, Inc. ("Southern Company") at one location; and with Duke Energy Carolinas, at two locations. The Authority is also interconnected with Dominion, Duke Energy Carolinas, Southern Company and SEPA through a five-way interconnection at SEPA's J. Strom Thurmond Hydroelectric Project, and with Southern Company and SEPA through a three-way interconnection at SEPA's R. B. Russell Hydroelectric Project. Through these interconnections, the Authority's transmission system is integrated into the regional transmission system serving the southeastern areas of the United States and the Eastern Interconnection. The Authority has separate interchange agreements with each of the companies with which it is interconnected to provide for mutual exchanges of power.

Reliability Agreements

The Authority is a party to the Virginia-Carolinas Reliability Agreement ("VACAR") which exists for the purpose of safeguarding the reliability of the VACAR region through coordination of planning and operation activities of bulk power facilities. Other parties to the VACAR Reliability Agreement are Duke Energy Progress, Duke Energy Carolinas, Cube Hydro Carolinas, LLC, and Dominion Energy (both South Carolina and Virginia).

The Authority is also a member of the SERC Reliability Corporation, which is one of 6 regional entities under NERC.

The Energy Authority

The Authority is a member of TEA, a governmental nonprofit power marketing corporation. In addition to the Authority, the current members of TEA include City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA (Florida), Municipal Electric Authority of Georgia, Nebraska Public Power District and American Municipal Power, Inc. (Ohio). TEA is engaged in buying and selling

wholesale electric power and procuring natural gas for its members for use in their operations and also serves as members' market participant in various regional transmission organizations, to maximize the efficient use of energy resources, reduce operating costs and increase operating revenues of its members without impacting the safety and reliability of their electric systems. TEA's revenues and costs are allocated to member pursuant to settlement procedures under TEA's operating agreement.

As of December 31, 2021, the Authority had an approximate 17.65% ownership interest in TEA and the Authority accounts for its investment in TEA under the equity method of accounting. As a member of TEA, the Authority pays a membership fee and makes certain contributions to capital and is providing certain guarantees in an amount not to exceed $96.2 million for electric and gas trading by TEA as of September 30, 2022. If any payment is required to be made to TEA by the Authority, it will be payable as an operation and maintenance expense under the Revenue Obligation Resolution. The Authority has not incurred any credit losses in relation to TEA trading activity. All of TEA's revenues and costs are allocated to the members. As of September 30, 2022 and December 31, 2021, the Authority's share of monthly revenues over expenses from the Authority's investment in TEA was $4.4 million and $14.2 million respectively. For additional information, see "M – Investment in Associated Companies" under Note 1 in APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS" attached hereto.

Southeast Exchange Energy Market

The Authority will be a participant in the Southeast Energy Exchange Market ("SEEM"), a region-wide, integrated, automated, intra-hour energy exchange platform that matches buyers and sellers of energy with the goal of more efficient bilateral trading utilizing unused transmission capacity to achieve cost savings for customers. Other founding members of SEEM include Associated Electric Cooperative, Dalton Utilities, Dominion, Duke Energy Carolinas, Duke Energy Progress, Georgia System Operations Corporation, Georgia Transmission Corporation, LG&E and KU Energy, MEAG Power, N.C. Municipal Power Agency No. 1, NCEMC, Oglethorpe Power Corp., PowerSouth, Southern Company and Tennessee Valley Authority. SEEM received effective approval from the Federal Energy Regulatory Commission ("FERC") in October 2021 and is scheduled to become operational on November 9, 2022.

Regional Water Systems

The Authority operates, maintains, and insures the Santee Cooper Regional Water System and Lake Marion Regional Water System, two modern drinking water treatment systems serving over 210,000 people.

The rights to the capacity produced by Santee Cooper Regional Water System are owned by the Lake Moultrie Water Agency (the "Moultrie Agency"), a Joint Municipal Water System created to supply the water needs of its members. The Members currently are Berkeley County, City of Goose Creek, Town of Moncks Corner Commissioners of Public Works, and the Commissioners of Public Works for the Town of Summerville. The Santee Cooper Regional Water System began operation in 1994 at a capacity of 20.7 million gallons per day ("MGD"), and since then capacity has been increased to 40 MGD.

The rights to the capacity produced by the Lake Marion Regional Water System are owned by the Lake Marion Regional Water Agency (the "Marion Agency"), a Joint Municipal Water System created to supply the water needs of its Members. The members currently are Berkeley County, Calhoun County, Dorchester County, Orangeburg County, and the Town of Santee. The Lake Marion Regional Water System began operation in 2008 at a capacity of 8 MGD.

The Authority agrees to supply both agencies with potable water, and both agencies agree to purchase and pay for the entire output of the respective Regional Water Systems. The Authority may issue debt to pay for the cost to construct and upgrade the Regional Water Systems. Each agency reimburses the Authority for raw water taken from Lakes Moultrie and Marion at an established rate that compensates the electric system

for the loss of potential energy at the Jefferies Hydroelectric Station. Rates and charges are maintained that are sufficient for all of the Authority's costs for Capital Expenditures, Debt Service, and Current Expenses charged to the Regional Water Systems.

Upon termination or expiration of contracts, or upon the sale or privatization of the Authority, each agency has the right to purchase their respective water system for a price equal to the amount required to redeem the outstanding debt and the right to withdraw water from the lakes. As of September 30, 2022, the current outstanding debt owed by the Authority is $5,432,229 for the Moultrie Agency and $193,714 for the Marion Agency.

Cybersecurity

The Authority, like many other large public and private entities, relies upon a complex technology environment to conduct its operations, and faces multiple cybersecurity threats on its digital networks and systems (collectively, "Systems Technology"). As the Authority's business is considered critical infrastructure and virtually all the Authority's operations are dependent in some manner upon its Systems Technology, the loss or impairment of the Systems Technology could have a serious adverse effect on the Authority's customers and communities. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities and individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. A successful physical or cyberattack could lead to outages, failure of operations of all or portions of the Authority's businesses, damage to key components and equipment, and exposure of confidential customer, employee, or corporate information.

To mitigate the risk to the Authority's business operations of damage from cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and physical safeguards. While the Authority's cybersecurity and physical safeguards are periodically tested, no assurance can be given by the Authority that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the Authority's Systems Technology and cause material disruption to the Authority's finances or operations. In addition, the failure to secure the Authority's operations from such physical and cyber events may cause reputational damage to the Authority. The costs of remedying any such damage or protecting against future attacks could be substantial. Furthermore, cybersecurity breaches could expose the Authority to material litigation and other legal risks, which could cause the Authority to incur material costs, and the cyber and property insurance currently carried by the Authority may not be adequate to respond to these events. As a result, the Authority's financial condition, results of operations, and cash flows may be adversely affected.

The Authority maintains awareness of emerging cybersecurity threats through open-source, commercial, and industry threat intelligence sources; based upon this information and observations of cybersecurity activity, the Authority proactively updates its cybersecurity strategy to address increases in scope, complexity, and frequency of identified threat vectors. The Authority evaluates its cybersecurity program against industry and federal standards on a periodic basis and engages third party firms to perform independent testing of the Authority's cybersecurity program's effectiveness.

A result of the Authority's proactive approach to cybersecurity risk management was the preemptive compliance with the June 2, 2021 White House Memorandum on ransomware protection measures. Specifically, the memorandum identified best practices including multifactor authentication, endpoint detection and response, encryption, and the existence of a skilled, empowered security team. In addition, the White House recommended that organizations conduct regular backups of systems, data, and configurations, to practice patch management, to employ network segmentation, to conduct tests of their incident response plans, and to have penetration testing conducted by an independent group. The Authority has and will continue to implement these practices and maintain vigilance in ensuring that the security posture of the organization evolves commensurate to identified risks.

To date, the Authority has not observed any cybersecurity incidents that would have a significant effect on the Authority's operations, financial condition, customers, or employees.

Insurance

The Revenue Obligation Resolution requires that the Authority shall keep, or cause to be kept, its properties and the operations thereof insured to the extent available at reasonable cost with responsible insurers against risks of direct physical loss, damage to or destruction, at least to the extent that similar insurance is usually carried by utilities operating like properties against accidents, casualties or negligence, including liability insurance and employer's liability; provided, however, that any time while any contractor engaged in constructing any facilities shall be fully responsible therefor, the Authority shall not be required to keep such insured.

Effects of Weather and Other Catastrophic Events

Weather conditions can effect a utility's operations and financial results. For example, in the past the Authority has delivered less electricity when weather conditions have been milder than normal and, as a consequence, earned less income from those operations. Mild weather in the future could diminish the revenues and results of operations and harm the financial condition of the Authority. Fluctuations in weather conditions could result in higher bills for customers and higher write-offs of receivables, as well as a greater number of disconnections for non-payment. Severe weather can be destructive for the Authority, causing outages and property damage, adversely affecting operating expenses and revenues.

In addition, the occurrence of one or more natural disasters, such as hurricanes, tropical storms, floods, wildfires, earthquakes, major or extended weather storms, droughts, extreme heat, or other sudden or severe changes in climate conditions, or man-made mishaps (such as a coal ash pond failure or national gas pipeline failure), could adversely affect the Authority's operations and financial performance in a number of ways. For example, such events could: (i) cause outages, fluctuations in customer energy needs and physical property damage; (ii) impede the Authority's ability to generate, transmit, and/or distribute power; (iii) adversely affect the Authority's key contractors or suppliers; or (iv) result in disadvantageous changes to federal, state, or local policies, laws and regulations.

The severe winter storm that impacted much of the continental United States in February of 2021 (the "2021 Winter Storm") is an example of a recent climatic event that resulted in substantial effects on utilities and their customers, especially within the state of Texas and on other utilities within the Midwest and south-central states that were affected by abnormally high natural gas prices. Following the 2021 Winter Storm, the Governor of South Carolina requested that the ORS "undertake a comprehensive review of the State's public and private power grid to evaluate its ability to withstand potential ice storms and other dangerous winter weather conditions." The SCPSC subsequently opened a docket seeking comments from regulated and non-regulated electric and natural gas utilities on actions they have taken, and plan to take, to ensure the resiliency of the State's power grid.

On December 31, 2021, the ORS submitted its Final Report to the SCPSC in this matter (the "Final Report"). The Final Report concludes that the South Carolina energy system and utility providers are adequately prepared to prevent and respond to outages caused by ice storms and winter weather events. However, the Final Report recommends that a number of actions be considered by utility providers to enhance their ability to respond to extreme winter weather events and to meet peak customer demand. The Authority intends to work with the ORS and other utilities in evaluating the Final Report's recommendations.

The Final Report is available on the ORS website at: https://ors.sc.gov/sites/default/files/Documents/Regulatory/electricNaturalGas/Resiliency%20of%20SC%20Electric%20and%20Natural%20Gas%20Infrastructure%202021-66-A.pdf. *No statement on the SCPSC or the ORS website is included by specific cross-reference in this Official Statement.*

In furtherance of the Final Report, on August 31, 2022 the ORS created the South Carolina Winter Storm Task Force the objective of which will be to (1) review winter weatherization standards and incorporate those expected to enhance the reliability and resiliency of the electric and gas systems in the State, (2) adopt the current codes and industry best practices for hardening for greater storm resiliency; and (3) establish a voluntary, self-sustaining task force.

Most recently, the State experienced impacts from Hurricane Ian from September 29 to October 2, 2022. While the State was spared the wide-spread devastation experienced in Florida, the Authority's system and its customers were impacted. In total, the Authority had 71,000 customers impacted, with a peak of 42,376 customer outages. There was significant damage to both underground and overhead facilities due to storm surge and wind, and 32 transformers, 18 poles, and 4 switchgear were required to be replaced. In addition, the Jefferies Hydro Generating Station was impacted and, as a result, the Pinopolis Lock Emergency Tainter Gate, part of the original lock system, will have to be completely replaced. In total, the Authority's damages due to Hurricane Ian are estimated to be approximately $6.9 million. The South Carolina Emergency Management Division is working on a federal Declaration of Disaster, however as of October 13, 2022, the State has not received a federal Declaration of Disaster. In the event the State does receive a federal Declaration of Disaster, then 75% of costs of the Authority associated with Hurricane Ian are expected to be reimbursed by the Federal Emergency Management Agency ("FEMA").

Integrated Resource Planning

Key Resource Planning Principles

The Authority has adopted the following resource planning principles:

- Operate and plan the System to ensure that all retail and wholesale customers are provided reliable electric power;
- Provide safe, reliable, and affordable power, and provide customers with new opportunities as markets change;
- Develop resource plans that provide effective cost management over the long-term;
- Responsibly manage the environmental impact of the Authority's operations;
- Develop a long-term resource strategy to ensure flexibility and optionality over a wide range of possible future conditions;
- Develop resource plans that readily adapt as future conditions change and, when possible, add resources in increments that closely match resources to needs;
- Identify potential developing technologies and incorporate in resource plans when reasonable and cost-effective; and
- Engage customers, stakeholders, the Board and elected officials in a transparent resource planning process that is responsive to questions and input.

Integrated Resource Plans

The Authority develops integrated resource plans (each an "IRP") as part of its overall planning process. The IRP process evaluates the Authority's existing generation resources and its projected load and energy needs over an extended period and establishes a plan for the resources needed to serve these needs.

Prior to changes in the Act in 2021 (described below), the Authority was required to file its IRP with the State Energy Office. In December 2020, the Authority filed its 2020 Integrated Resource Plan ("2020 IRP") with the State Energy Office. The 2020 IRP was updated collaboratively with Central. In the Authority's 2020 IRP, the preferred future power supply plan retires 1,150 MW of coal, adds 1,500 MW of solar, adds 200 MW utility scale battery storage, incorporates new natural gas resources into the portfolio, implements demand response programs and ensures system reliability with transmission upgrades.

Under revisions to the Act in 2021, the Authority is required to prepare an IRP and submit such IRP to the SCPSC every three years. The Authority is required to create a process to receive stakeholder input as a part of developing its IRP.

The Authority is required to submit annual updates to its approved IRP to the SCPSC. The annual update must include an update to the Authority's base planning assumptions relative to its most recently accepted IRP, including, but not limited to: energy and demand forecast, commodity fuel price inputs, renewable energy forecast, energy efficiency and demand-side management forecasts, changes to projected retirement dates of existing units, along with other inputs the SCPSC deems to be for the public interest. The Authority's annual update is also required to describe the impact of the updated base planning assumptions on the selected resource plan. The ORS reviews the Authority's annual update and will submit a report to the SCPSC providing a recommendation concerning the reasonableness of the annual update. The SCPSC may accept the annual update or direct the Authority to make changes to the annual update that the SCPSC determines to be in the public interest.

The first required submission under these new requirements will be filed with the SCPSC for approval on May 15, 2023. Each IRP will establish a roadmap for how the Authority expects to meet the projected load of its customers, in a cost-effective and reliable manner and requires a balancing of multiple objectives, including system reliability, environmental responsibility, cost impacts and risks. The IRP is required to be developed by the Authority in consultation with the electric cooperatives, including Central, and municipally owned electric utilities purchasing power and energy from the Authority, and the Authority is to consider any feedback provided by retail customers. The IRP shall include and evaluate at least one resource portfolio, reflecting the closure of the Winyah Generating Station by 2028, which is designed to provide safe and reliable electric service while meeting a net zero carbon emission goal by the year 2050.

The Authority has begun the stakeholder consultation process for the 2023 IRP. Three meetings have been held in 2022. Meeting presentations, materials as well as stakeholder input and feedback, can be found on the Authority's website on the integrated resource plan page located at https://www.santeecooper.com/About/Integrated-Resource-Plan/Index.aspx. *No statement on the Authority's website or any other website is included by specific cross-reference herein.*

The SCPSC is required to review and approve such IRP if the SCPSC determines that the Authority's proposed IRP represents the most reasonable and prudent means of meeting the Authority's energy and capacity needs as of the time such IRP is reviewed.

[Remainder of page intentionally left blank]

Projected Energy Mix

The table below details the Authority's projected energy mix in 2033 utilizing the Authority's 2020 IRP, which is expected to be comprised of more solar, less coal, and 55% fewer carbon emissions.

Projected Energy Mix (2033)

	2019 Baseline Projection	2020 IRP Projection
Long-Term Contracted Purchases	5%	22%
Sustainable Resources	5	19[(1)]
Nuclear	9	10
Natural Gas	29	30
Coal	52	19
Total	100%	100%

(1) 2020 IRP sustainable resources include 1500 MWs of new solar resources coming online in 2022 – 2032.

While the Authority is not subject to any mandated use of renewable energy, the Act does impose certain requirements on the Authority in connection with the procurement of energy, capacity, and environmental attributes from renewable energy facilities the Authority intends to procure. The Authority may elect to use renewable resources to meet needs for new generation resources identified by the Authority in its integrated resource plan or in connection with its other planning processes. The Authority is required to file for SCPSC approval of a program for the competitive procurement of such renewable energy and in granting such approval the SCPSC must find and determine that the Authority has met the requirements of the Act and, the procedures established by the SCPSC and that the proposed program is in the best interests of the customers of the Authority. Once the program is approved, SCPSC approval would not be required for purchases of renewable power through the SCPSC approved competitive procurement process if conducted in accordance with such program.

In addition, the Act requires the Authority to obtain the prior approval of the SCPSC in connection with the construction and/or acquisition of a major utility facility to meet its needs for new generation resources, provided that in connection with any acquisition, the transaction is not subject to the exclusive jurisdiction of the FERC or any other federal agency. A "major utility facility" is defined in the Act as an electric generating plant and associated facilities designed for operation at a capacity of more than 75 MWs or an electric transmission line and associated facilities with a designed operating voltage of 125 kVs or more but does not include electric distribution lines and associated facilities. In determining whether to grant such approval, the SCPSC will consider whether the construction and/or acquisition of such major utility facility constitutes a more cost-effective means for serving direct and wholesale customers than other feasibly available long-term power supply alternatives and provides less ratepayer risk while maintaining safe and reliable electric service than other feasibly available long-term power supply alternatives; and whether energy efficiency measures, demand-side management, renewable energy resource generation, available long-term power supply alternatives, or any combination thereof, would not establish or maintain a more cost-effective and reliable generation system and is in the public interest.

Renewable Energy Facilities

In 2021, the Authority, jointly with Central, concluded the first phase of its solar solicitation, which resulted in 425 MW of Power Purchase Agreements for five solar projects with four counterparties. The selected projects range from 75 – 100 MW and are at diverse locations within the State. The projects are scheduled to be operational by 2024 and supply solar energy to the Authority and Central for the terms of the contracts, which range from 15 to 20 years. Due to recent challenges faced by the solar industry, the counterparties have expressed challenges in completing the projects on time and on budget. The Authority

and Central are pursuing discussions with the counterparties to understand the challenges specific to each project and potential impacts on the contracts.

For future solicitations, the Authority is required to file for SCPSC approval of a program for the competitive procurement of energy, capacity, and environmental attributes from renewable energy facilities to meet needs for new generation resources identified by the Authority in its IRPs or other planning processes. Any renewable energy resources procured by the Authority through a competitive solicitation process must be open to all independent market participants that meet minimum eligibility requirements provided in the Act. The Authority is scheduled to make its first filing on November 1, 2022.

Approval by the SCPSC is required prior to the construction or acquisition of a major utility facility as well as prior to entering into a power purchase agreement with a duration longer than ten years.

SUMMER NUCLEAR UNITS 2 AND 3

On July 31, 2017, the Authority approved the wind-down and suspension of construction of the Summer Nuclear Units 2 and 3 at the Virgil C. Summer Nuclear Generating Station and the preservation and protection of the site and related components and equipment. The Authority had spent approximately $4.7 billion in construction and interest costs. Upon suspending construction, and in accordance with GASB No. 62, the Authority ceased capitalizing interest expense on the debt incurred to fund Summer Nuclear Units 2 and 3 as of July 31, 2017.

With the exception of certain assets to be repurposed at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the fuel assets and non-fuel assets comprising Summer Nuclear Units 2 and 3 were determined in accordance with GASB No. 42 to be impaired.

Regulatory Accounting for Summer Nuclear Units 2 and 3. Based on the results of a fair value determination of the assets, the write-off of the construction costs and fuel for Summer Nuclear Units 2 and 3 for the year ended December 31, 2017 totaled $4.211 billion. In January of 2018, the Authority approved the use of regulatory accounting for the $4.211 billion impairment write-off. The majority of the costs of Summer Nuclear Units 2 and 3 were financed with borrowed funds, and for rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. Therefore, the impairment is being recorded as a regulatory asset and amortized through November 2056 to align with the principal payments on the associated indebtedness.

In December of 2017, the Authority approved the use of regulatory accounting to defer (i) a portion of post-suspension capitalized interest in the amount of $37.1 million to be amortized through November 2056 in order to align with the principal payments on the debt used to pay the interest and (ii) the recognition of income from the settlement agreement with the Toshiba Corporation ("Toshiba") relating to Toshiba's guaranty of certain payment obligations in respect of Summer Nuclear Units 2 and 3 (the "Toshiba Settlement Agreement") in the amount of $898.2 million, to be amortized over time to align with the manner in which the settlement proceeds are used to reduce debt service payments.

The following table summarizes the nuclear-related regulatory items:

Regulatory Item	Classification	Original Amount	2018 – 2021 Amortization	2018 - 2021 Changes	2021 Ending Balance
Nuclear impairment	Asset	$ 4.211 billion	($ 467.3 million)	($40.2 million)	$ 3.704 billion
Nuclear post-suspension interest	Asset	$ 37.1 million	--	--	$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$898.2 million	($ 615.6 million)	$ 13.8 million	$296.4 million

For additional information regarding the accounting treatment of the Summer Nuclear Units 2 and 3 assets, see "Regulatory Accounting Treatment" under Note 7 – Summer Nuclear Station in APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS" attached hereto.

Sales of Summer Nuclear Units 2 and 3 Assets. Since 2018, the Authority has sold certain equipment and commodities located at the site to third parties. As of September 30, 2022, $74.7 million of materials have been sold. The Authority expects to use the net proceeds received from the sale of the nuclear-related equipment to pay down a portion of its outstanding debt. See "THE AUTHORITY – Outstanding Indebtedness – *Debt Reduction.*"

REGULATORY MATTERS

The Electric Utility Industry Generally

The electric utility industry in general has been affected by regulatory changes, market developments and other factors which have impacted, and will probably continue to impact, the financial condition and competitiveness of electric utilities and the level of utilization of facilities, such as those of the Authority. Such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) changes that might result from national energy policies, (d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and strategic alliances of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (e) increased competition from independent power producers, marketers and brokers, (f) self-generation by certain industrial, commercial and residential customers, (g) issues relating to the ability to issue tax-exempt obligations, (h) restrictions on the ability to sell to nongovernmental entities electricity from projects financed with outstanding tax-exempt obligations, (i) changes from projected future load requirements, (j) increases in costs, and (k) shifts in the availability and relative costs of different fuels. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility, including the Authority, and likely will affect individual utilities in different ways.

The Authority cannot determine with certainty what effects such factors will have on its business operations and financial condition, but the effects could be significant. Extensive information on the electric utility industry is available from sources in the public domain, and potential purchasers of the 2022 Bonds should obtain and review such information.

Environmental Matters

Both the Environmental Protection Agency (the "EPA") and the Department of Health and Environmental Control ("DHEC") have imposed various environmental regulations and permitting requirements affecting the Authority's facilities. These regulations and requirements relate primarily to airborne pollution, the discharge of pollutants into waters and the disposal of solid and hazardous wastes, although the addition of new facilities and other projects and operations can also bring about impacts associated with land disturbance, wetlands, wildlife, and threatened and endangered species regulations. The Authority endeavors to ensure its facilities comply with applicable environmental regulations and standards; however, no assurance can be given that normal operations will not encounter occasional technical difficulties or that necessary permits and authorizations will be received. Federal and state standards and procedures that govern control of the environment, systems operations, and new facilities construction can change. These changes may arise from legislation, regulatory action, and judicial interpretations regarding the standards, procedures and requirements for compliance and issuance of permits. Therefore, there is no assurance that units in operation, under construction, or contemplated will remain subject to the regulations that are currently in effect. Furthermore, changes in environmental laws and standards may result in increased capital and operating costs.

Air Quality

General Regulatory Requirements. The Authority is subject to a number of federal and state laws and regulations addressing air quality. Pursuant to the Clean Air Act ("CAA"), as amended, the EPA promulgated primary and secondary national ambient air quality standards ("NAAQS") with respect to certain air pollutants, including particulate matter, ozone, SO_2 and nitrogen oxides ("NO_x"). These standards are to be achieved by the application of control strategies developed by the states and included in implementation plans which must be approved by the EPA to become effective. DHEC has adopted a State Implementation Plan ("SIP"), which has been approved by the EPA, generally designed to achieve the primary and secondary air quality standards. The EPA also promulgated the New Source Performance Standards ("NSPS") regulations establishing stringent emission standards for particulate matter, SO_2 and NO_x emissions for fossil-fuel fired steam generators. Congress has enacted comprehensive amendments to the CAA, including the addition of a federal Acid Rain program to deal with acid precipitation.

Evolving Regulatory Requirements

Greenhouse Gases. In October 2015, the EPA published the Clean Power Plan ("CPP"), which established individual state goals for carbon dioxide ("CO_2") emissions from existing fossil fuel-fired electric generating units ("EGUs"). In June 2019, the CPP was repealed by the EPA and replaced with the Affordable Clean Energy ("ACE") Rule. ACE regulated carbon by determining that heat rate improvements were the best system of emissions reductions ("BSER") and required States to establish unit-specific standards of performance that reflect the application of the BSER. On January 19, 2021, the U.S. Court of Appeals for the D.C. Circuit vacated the ACE Rule and remanded it back to the EPA. On October 29, 2021, the U.S. Supreme Court agreed to review the lower court's ruling to address the scope of the EPA's authority to regulate CO_2 emissions. On June 30, 2022, the Supreme Court issued a landmark decision in *West Virginia vs. EPA*, which reversed the DC Circuit and held that Congress did not give EPA authority under the CAA to regulate CO_2 emissions based on generation shifting (outside the fence). EPA plans to propose a new rule to regulate greenhouse gas (CO_2) emissions from existing fossil fuel-fired EGUs by March 2023.

On October 23, 2015, the EPA finalized the new source performance standards ("NSPS") for CO_2 emissions from new, reconstructed, and modified power plants, setting BSER for natural gas-fired and coal-fired EGUs. This rule required carbon capture, utilization, and storage ("CCUS") for coal-fired EGUs, effectively ending new construction of these units. On December 6, 2018, EPA signed a proposed revision to the rule to set BSER for coal-fired EGUs to most efficient demonstrated steam cycle in combination with best operating practices, and removed the requirement for CCUS. The EPA is currently re-evaluating the limitations and requirements of this rule to include lowering the CO_2 emission limit for natural gas-fired EGUs, requiring co-firing with hydrogen, and/or use of CCUS, and plans to propose these revisions by March 2023. This revised standard could have a material impact on the Authority's ability to construct new or modify existing natural gas-fired power plants and will be evaluated once the limitations and requirements are available.

In September 2022, the EPA issued a notice requesting public comment on the regulations of greenhouse gases from new and existing fossil fuel-fired EGUs. EPA described this action as a "non-rulemaking" intended to collect public input in advance of the EPA's commencement of a formal rulemaking process. The Authority cannot predict the outcome or future scope, timing, and costs associated with any CO_2 emissions requirements.

Water Quality

General Regulatory Requirements. The Authority is subject to a number of federal and state laws and regulations which address water quality. 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 program for the State. Industrial wastewater discharges from all stations and the regional water plants are governed by NPDES permits. DHEC also has permitting authority for stormwater discharges, and the Authority manages stormwater pursuant to DHEC issued Industrial General Permits and Construction General Permits.

Evolving Regulatory Requirements

316(b) Fish Protection Regulations. Regulations issued to implement Section 316(b) of the CWA became effective on October 15, 2014, and require that NPDES permits for facilities with cooling water intake structures ensure that the structures reflect the Best Technology Available ("BTA") to minimize adverse environmental impacts from impingement and entrainment of fish, fish eggs and larvae. In some cases, DHEC includes requirements in NPDES permits to conduct entrainment studies in cases where intake modifications may be necessary. DHEC declined to require an entrainment study in the recently issued Rainey Generating Station permit. However, in draft permits placed on public notice in October 2021, DHEC proposed to require entrainment studies at the Cross and Winyah Generating Stations. There have been no further developments with these permits. Study costs are assumed to be minimal, and at this time the Authority does not anticipate material modifications at the Cross and Winyah facilities to result. On July 6, 2022, the EPA issued to its administrative regions a memo with a revised framework for applying 316(b) to hydroelectric facilities, although no regulatory action is expected in the near term and at this time the Authority does not anticipate significant compliance or financial impacts in connection with its hydroelectric facilities.

Effluent Limitation Guidelines. A revision to the NPDES Steam Electric Effluent Limitation Guidelines ("ELG") rule became effective on January 4, 2016. These revised ELGs included stricter performance standards that required upgrades and installation of additional wastewater treatment systems for the Winyah and Cross Generating Stations. The EPA later revised this ELG rule to require compliance starting on November 1, 2020. In April 2017, the EPA postponed some compliance dates in the rule and stated its intention to draft a new rule. In April 2019, the U.S. Court of Appeals for the Fifth Circuit remanded portions of the ELG rule related to leachate and legacy wastewater because it determined that these standards may not be sufficiently stringent. On October 13, 2020, the EPA published a revised ELG rule with lower mercury limits for Flue Gas Desulfurization ("FGD") wastewater along with some revisions related to bottom ash transport water. The 2020 rule also established a number of new subcategories. Beyond the standard best available technology (BAT) compliance option, subcategories potentially applicable for the Authority include those for retiring units and for facilities opting to comply via the voluntary incentive program (VIP) – each of these two alternate subcategories allow for an 8-year compliance schedule. Construction on many of the treatment systems and equipment required to comply with the rule is complete and the Authority expects the remaining cost of compliance at Cross to be approximately $153 million for FGD wastewater treatment from 2023 to 2025, using the rule's BAT approach (physical-chemical and biological treatment). The Authority's board has voted to retire Winyah by 2028 and utilize the retirement exemption in the ELG rule, so costs of compliance with the ELG rule at Winyah are not expected to be significant. ELG requirements under the 2020 rule, along with any new state-defined limits, will be included in revised NPDES discharge permits that are currently being developed by DHEC. While not final, draft permits for Cross and Winyah Generating Stations were put on public notice by DHEC in October 2021. These draft permits reflect a reasonable schedule for implementation

of FGD wastewater treatment at Cross and the Authority's intention to retire Winyah. The ability to switch to other compliance strategies for FGD wastewater is also not precluded. The Authority has submitted a notice of planned participation (NOPP) for the voluntary incentive program (VIP) for Cross, based on treatment via membrane technology, and has requested parallel compliance paths in its permit. This is intended to allow the BAT approach at Cross, while allowing the option to change to the VIP approach if that develops as a preferred option. The Authority has also submitted a NOPP for retirement at Winyah, which would allow an automatic transfer to the VIP option under the rule; in addition, the Authority has requested that language addressing automatic transfer to the VIP option be included in the final permit. There have been no further developments with the permits, so any additional requirements and associated costs are unknown.

While the 2020 rule remains in force at this time, the EPA announced a new rulemaking initiative in the Federal Register ("FR") on August 3, 2021, stating its intention to reevaluate FGD wastewater and bottom ash transport water limits and compliance alternatives in a new rule, which is expected to be published as a proposed rule in the fall of 2022, with a final rule expected to follow approximately a year later. The FR statement announced the EPA's intention that permittees and state permitting authorities follow the 2020 rule until a new rule is published. At this time, it is not possible to identify a final compliance target, method of compliance, or associated costs with the new rulemaking.

Waters of the U.S. The definition of "wetlands" under the Clean Water Act depends upon regulatory positions implemented by the U.S. Army Corps of Engineers and the EPA, which positions have changed frequently. The Authority's construction projects and projects upon which the Authority's operations depend may have impacts upon wetlands, and such activities may require permits that are difficult to obtain, depending upon the agencies' current definition of waters of the United States ("WOTUS").

On October 22, 2019, the Army Corps and the EPA published a final rule repealing final regulations issued in 2015, which had required that more water features be regulated as WOTUS, with additional permitting and mitigation requirements and costs. On April 21, 2020, the U.S. Army Corps of Engineers and the EPA published the Navigable Waters Protection Rule ("NWPR") to redefine Waters of the U.S., and the final rule became effective on June 22, 2020. This Final Rule provided additional clarity and addressed many of the concerns posed by the broad 2015 rule, including exclusions for ditches and waste treatment systems. The rule also maintained exclusions for groundwater, ephemeral features and diffuse stormwater run-off, and artificial lakes and ponds created because of impounding non-jurisdictional waters. Numerous environmental groups filed challenges to the NWPR following its publication, including challenges to the waste treatment system exclusion.

On June 9, 2021, the EPA announced its intention to initiate a new rulemaking process that "restores the protections in place" prior to the 2015 WOTUS rule and to develop a more durable definition. On September 3, 2021, the EPA and the Army Corps published an update that they have halted implementation of the NWPR, so effectively the agencies will interpret waters of the United States consistent with the pre-2015 regulation until further notice. The EPA and Army Corps announced the signing of a proposed rule on November 18, 2021 to replace the NWPR with a revised version of the 1986 WOTUS regulations with amendments reflecting the Agencies' interpretation of Supreme Court Decisions in the *Rapanos* judgement. A proposed rule was published December 7, 2021. In addition to these regulatory actions, the U.S. Supreme Court is reviewing a lower court ruling (*Sackett v. EPA*) that may ultimately limit the agencies' plans for these rulemakings. This review is ongoing, with oral arguments complete as of early October 2022.

At this time, it is not possible to determine the outcome of these various regulatory actions or predict the changes that may occur as a result of the Supreme Court's future decision in Sackett v.

EPA. The primary risk to the Authority is that it may require additional time and cost for new construction in the future if the definition of waters of the United States is expanded.

Drinking Water

The Authority continues to monitor for Safe Drinking Water Act regulatory issues impacting drinking water systems at the Authority's Regional Water Systems, generating stations, substations, and other auxiliary facilities. DHEC has regulatory authority for potable water systems in the State. The State Primary Drinking Water Regulation, R.61-58, governs the design, construction, and operational management of all potable water systems in the State subject to and consistent with the requirements of the Safe Drinking Water Act and the implementation of federal drinking water regulations.

On the federal level, the EPA has announced its intention to implement a national program to evaluate and regulate a category of organic contaminants known as per- and poly-fluoroalkyl substances ("PFAS"). The Authority does not anticipate significant implications for its power-related facilities but does anticipate new requirements for its Regional Water Systems because the first new requirements appear to be related to drinking water. Specifically, the Strategic Roadmap 2021-2024 announced by the EPA on October 18, 2021 states that public water systems will be required to participate in a nationwide monitoring program for PFAS in drinking water during a 12-month period sometime between the beginning of 2023 and the end of 2025. The EPA issued a final rule on December 27, 2021, for additional monitoring of public water systems that require monitoring of such systems for 29 PFAS as unregulated contaminants. On June 15, 2022, the EPA announced that it intends to issue a proposed rule in 2022 that would establish national drinking water standards for perfluorooctanoic acid ("PFOA") and perfluorooctanesulfonic acid ("PFOS"), and perhaps other chemicals in the PFAS category. The Authority will comply with any applicable new standards that are issued.

In addition, the EPA's Revised Lead and Copper Rule (86 FR 4198) became effective on December 16, 2021, with a compliance date of October 16, 2024. This rule is expected to have only a minimal impact on the Authority's Regional Water Systems as they have a limited transmission system that is completely constructed from cement lined ductile iron pipe. Changes in requirements for monitoring frequency, corrosion control treatment ("CCT"), and sampling procedure will be the primary effects to the Regional Water Systems.

Solid and Hazardous Waste and Hazardous Substances

General Regulatory Requirements. The Authority is subject to federal and state laws and regulations which address solid, universal, and hazardous wastes and substances. The Resource Conservation and Recovery Act ("RCRA"), under Subtitle C, is the overarching regulation providing the framework for proper management of hazardous waste. Additional regulations pertaining to solid and hazardous wastes and substances are: the CWA, which imposes penalties for spills of oil or federally listed hazardous substances into water and for failure to report such spills; the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), which provides for the reporting requirements to cover the release of hazardous substances into the environment and imposes liability upon generators of hazardous substances; the Superfund Amendments and Reauthorization Act ("SARA"), which requires compliance with programs for emergency planning and public information; and the Department of Transportation's ("DOT") Hazardous Materials Transportation Act ("HMTA"), which governs the safe transportation of hazardous materials, substances and waste. Additionally, the EPA regulations under the Toxic Substances Control Act impose stringent requirements for labeling, handling, storing, and disposing of polychlorinated biphenyls ("PCB") and associated equipment. The Authority has comprehensive

waste and PCB management programs policies and procedures for on-going compliance in response to these regulations, as well as for compliance with the requirements of the other waste management statutes and regulations noted above. The Authority may have liabilities for investigation or remediation of sites that have been adversely affected by disposal of solid wastes or hazardous waste or substances present on its properties.

Evolving Regulatory Requirements

Coal Combustion Residuals ("CCR") Rule. The Authority generates CCR (fly ash, bottom ash, scrubber sludge and gypsum) when coal is combusted to produce electricity. CCR are regulated as a RCRA Subtitle D, nonhazardous waste. The federal CCR Rule establishes compliance standards, such as specific location standards, which may trigger closure of CCR landfills and impoundments. The CCR Rule also establishes operating and monitoring requirements which include groundwater monitoring programs and postings on the Authority's CCR internet site.

The Authority's two operational Class 3 landfills are subject to the CCR Rule. These landfills were located, designed, and constructed to meet CCR requirements for continued operation. Regarding surface impoundments, not all of the Authority's impoundments are subject to the CCR Rule. The impoundments subject to the CCR Rule are located at the Cross and Winyah Generating Stations. These CCR impoundments have triggered closure because they are unlined and do not meet the aquifer location standard. Additionally, a subset of these CCR impoundments do not meet the groundwater protection standards for one or more constituents and are thus in a Corrective Action program. As of the April 11, 2021 CCR rule deadline, all ponds subject to the CCR Rule are no longer receiving any CCR or non-CCR waste streams.

Other CCR rulemakings are pending and will be monitored to address any requirements that impact the Authority. The EPA has issued an advanced notice of proposed rulemaking ("ANPRM") regarding regulating legacy impoundments and this proposed rulemaking is expected in spring 2023 with a final rule to follow about one year later. Under this rulemaking, other ponds could become subject to the CCR Rule, including the Jefferies Generating Station ash pond and possibly the Grainger Generating Station ash ponds, even though the Grainger ash ponds have completed closure in accordance with DHEC's requirements. Final rulemakings which are expected to be issued in the near future include a federal CCR Permit Program (expected July 2023) with procedures for CCR units to obtain permits in non-participating states, which includes South Carolina, and an additional closure option for units that are closing by removal of CCR but cannot complete groundwater corrective action within the rule's prescribed closure timeframes (expected March 2023).

The CCR regulations and the EPA's interpretation of them have changed frequently and are expected to change in the ways described above. The Authority cannot predict other changes that the EPA may impose or the impacts upon the Authority's operations and financial results of these regulatory and interpretive changes until they are finalized and their impacts upon the Authority can be evaluated.

Pond Closures. The Authority has ash and gypsum slurry ponds at the Winyah, Cross and Jefferies Generating Stations. Closure plans for the Jefferies Generating Station ash pond and decant pond (a non-CCR unit) and for the Winyah West Ash Pond have been approved by DHEC and closure is in progress, with regulatory deadlines of 2030. These ponds are not subject to the CCR Rule. However, as noted above, pending CCR rulemakings could regulate inactive impoundments, even at closed facilities, as legacy CCR impoundments. The Cross Bottom Ash Pond and the remaining ponds at the Winyah Generating Station (A Ash Pond, B Ash Pond, South Ash Pond, and Units 3 & 4 Slurry Pond) are subject to both the CCR Rule's closure requirements and to DHEC closure regulations. Closure is in progress on all ponds and DHEC plans are being developed and implemented to facilitate

closure of these remaining ponds by the CCR Rule's regulatory deadlines. The ponds will be closed through excavation and beneficial use of materials or through disposal in the industrial Class 3 solid waste landfills on-site at Cross and Winyah. Closure by removal is the selected closure strategy and monitored natural attenuation is the selected groundwater remedy so that it meets groundwater protection standards for those units at Cross and Winyah that are subject to groundwater corrective action. Four ponds (Winyah Slurry Pond 2, Grainger Ash Pond 1, Grainger Ash Pond 2, and the Cross Gypsum Pond) have already completed closure in accordance with DHEC's requirements. Pond closure activities are expected to continue at least through 2031 and estimates of remaining costs are projected to be approximately $270 million between 2022 and 2031, approximately $140 million of which is projected to be incurred between 2023-2025. This amount does not include groundwater corrective action for the Cross Gypsum Pond being conducted under the CCR Rule, for which additional costs, if any, are not yet known.

Beneficial Use of Coal Combustion Products. Coal Combustion Residuals that can be beneficially reused are considered Coal Combustion Products ("CCP"), and include fly ash, bottom ash and flue gas desulfurization products such as gypsum. The Authority has entered into contracts for the beneficial use of CCPs and continually looks for new markets for excess quantities. The Authority provides synthetic gypsum to American Gypsum for its wallboard production requirements. Gypsum is also marketed to cement companies and used in the agriculture industry. Additionally, dry fly ash from the operating units and ash reclaimed from the Authority's ash ponds are used in the cement industry, and bottom ash is used by concrete block manufacturers to produce concrete block.

Industrial Solid Waste Landfills. At Cross and Winyah Generating Station, dry CCRs which are not beneficially used are disposed of in on-site industrial Class 3 solid waste landfills. These landfills are permitted by DHEC to receive the Authority's CCR waste from any Authority coal-fired generating units and ash ponds. As noted above, these landfills are also federally regulated under the CCR Rule. Additional landfill cells for the Cross and Winyah Class 3 landfills are already fully permitted and will be constructed as the existing cells are filled and closed to provide ongoing landfill capacity.

Pollution Remediation Obligations

On December 31, 2020, the Authority was notified by DHEC that the Authority was required to submit a Site-Specific Work Plan ("SSWP") for an Initial Ground Water Assessment ("IGWA") under the South Carolina Pollution Control Act (SC Code Ann. § 48-1-50(6), § 48-1-50(20), and § 48-1-50(21)) at the Hidden Cove Marina, a property within the Authority's FERC project boundaries that is currently occupied by a commercial lessee. An underground pipe on the property was damaged by employees of a telecommunications company during installation of underground wiring and an estimated 800 gallons of gasoline leaked into the surrounding soil. DHEC informed the Authority that DHEC considers the Authority responsible for any necessary remediation activities, although the Authority reached a cost sharing agreement with the telecommunications company and lessee. After the IGWA results were received and indicated groundwater contamination, DHEC requested a Tier II assessment SSWP for additional soil and groundwater sampling. The Tier II results were submitted to DHEC on September 14, 2021. Subsequent activity resulted in DHEC approving an Excavation Corrective Action Plan and a Well Installation Plan on November 18, 2021. The Corrective Action Plan has been completed and quarterly groundwater monitoring is underway.

A separate property exists within the Authority's FERC project boundaries that is currently occupied by a commercial lessee, Packs Landing Marina. As part of a proposed South Carolina Department of Transportation (SCDOT) right-of-way project, ARM Environmental reported a release at Packs Landing Marina on May 20, 2002 by submitting a Limited Phase II Subsurface Assessment for SCDOT Project #99-188D. The assessment found that a UST had been removed, there was an AST

with dispensers, and subsurface hydrocarbon contamination (both soil and groundwater) was identified. Based on that information, DHEC began working with the lessee to get the contamination addressed on this site, identified as Site ID# 01935. DHEC was not successful in getting the contamination addressed with the lessee and contacted the Authority as the owner of the property. On February 26, 2014, the Authority was notified by DHEC that based on the groundwater monitoring report received August 29, 2013, the submittal of a Tier II Assessment Plan was required under the South Carolina Pollution Control Act (SC Code Ann. § 48-1-50(6), § 48-1-50(20), and § 48-1-50(21). The Authority agreed to monitor the progress of the environmental work and assist with financing the cost of environmental assessment for the lessee. Work has been conducted on the site since 2013 through DHEC approved workplans. On March 17, 2021, DHEC issued a directive to Packs Landing Marina for a Site-Specific Work Plan (SSWP) to conduct additional testing for creosote found in results for the site, and the Authority entered into a Responsible Party Voluntary Cleanup Contract ("VCC") with DHEC on March 18, 2022. The VCC addresses the Authority and DHEC's cooperative plan for remediation of the creosote on the property. The Authority has submitted its Work Plan for the VCC process, which DHEC has accepted, and work has begun under that agreement, while the hydrocarbon component continues independent of the VCC.

FERC Hydro Licensing

The Authority operates its Jefferies Hydro Station and certain other property, including the Pinopolis Dam on the Cooper River and the Santee Dam on the Santee River, which are major parts of the Authority's integrated hydroelectric complex, under a license issued by the FERC pursuant to the Federal Power Act ("FPA"). The FERC license includes oversight of project activities such as Dams and Dikes Maintenance, Shoreline Management, Forestry Management, Mosquito Control, Water Quality Monitoring, and Aquatic Plant Management, conducted in cooperation and partnership with DHEC, the South Carolina Department of National Resources (the "DNR"), the U.S. Fish and Wildlife Service (the "USFWS"), and the National Marine Fishery Service ("NMFS"). The project is currently undergoing relicensing and a Notice of Intent ("NOI") to relicense was filed with the FERC on November 13, 2000. The final license application was submitted March 12, 2004. Due to a number of Additional Information Requests, a delay in the consultation process between FERC and the NMFS, and the need to assess the dam safety/stability implications of proposed continuous spilling at the Santee Spillway to accommodate increased minimum flows in the Santee River under the new license, the relicensing process has extended beyond the license expiration date. The FERC has issued a standing annual license renewal until a final license is issued.

The FERC issued its Final Environmental Impact Statement ("EIS") in October 2007. The DNR, the USFWS and the Authority jointly signed and filed a settlement agreement in May 2007 with the FERC that among other things, identifies fish passage and outflow guidelines during the term of the next license. The NMFS chose not to join in the settlement agreement and in January 2020 submitted final documents for mandatory fishway conditions under Section §18 of the FPA, flow recommendations under Section 10 of that Act, and a biological opinion for endangered shortnose and Atlantic sturgeon under Section 7 of the Endangered Species Act ("ESA"). In July 2020, the FERC updated the federally listed threatened, endangered, candidate or proposed species, and designated or proposed critical habitat within the project boundary or potentially affected by project operations. In March 2021, the FERC accepted the Authority's updated stability analysis for the Santee Dams to address consequences of continuous spilling at the spillway gang gates and permanently higher tailwater levels due to the proposed higher minimum flows. All other known requirements are complete, and the Authority expects issuance of a new license is imminent. Total implementation costs are estimated to be between $84 million and $179 million.

NERC Regulation

NERC establishes and enforces reliability standards which include operating and planning standards as well as critical infrastructure protection standards for the Bulk Electric System. Compliance with these

standards is mandatory. Though the Authority has not received any major fines, the current maximum penalty that may be levied for violating a NERC Reliability Standard is $1,388,496 per violation, per day. The Authority has self-reported violations of NERC Reliability Standards and paid fines, most recently entering into a Settlement Agreement with SERC Reliability Corporation in September 2021 to resolve a non-compliance with the NERC Reliability Standards discovered in 2018, which includes the payment of a civil penalty of $40,000. The Authority has formal programs, processes, and policies in place to promote compliance with these standards, including a NERC Compliance and Coordination Unit. However, it is not possible to predict whether the Authority will have future violations or what the fines for such violations might be.

Nuclear Matters

Summer Nuclear Unit 1 is subject to regulation by the NRC. Dominion and the Authority were required to obtain liability insurance and a United States Government indemnity agreement for Summer Nuclear Unit 1 in order for the NRC operating license to be issued. This primary insurance and the retrospective assessments are to insure against the maximum liability under the federal Price-Anderson Act for any public claims arising from a nuclear incident. The Energy Policy Act of 2005 extends the Price-Anderson Act until 2025.

The NRC requires that a licensee of a nuclear reactor 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 to comply with the NRC regulations and began making deposits into the external decommissioning fund in September 1990.

In addition to providing for the minimum requirements imposed by the NRC, the Authority established in 1983 an internal decommissioning fund. Based on the most recent decommissioning cost estimates developed by Dominion, assuming a SAFSTOR (delayed decommissioning) scenario that includes operating the plant until 2062 (80-year plant life), both the internal and external funds, which had a combined market value of approximately $245 million on December 31, 2021, along with future deposits, investment earnings, and credits from DOE reimbursements for spent fuel storage costs, are estimated to provide sufficient funds for the Authority's one-third share of the total estimated decommissioning cost (approximately $440 million in 2021 dollars).

Legislative Matters

Act 187 of 2020 established an eight-member legislative committee to study whether to recommend any of a variety of electricity market reform measures, encompassing the full range of possible markets that may benefit South Carolina electric consumers. This study committee met for the first time in 2021. The members of the committee established a plan for working to identify market alternatives to consider in South Carolina. A proviso in the FY 21-22 Appropriation Act provided $750,000 for independent consultants to be hired by the committee.

The electric market study committee has been meeting regularly in 2022 to include receiving input from an advisory group and is working to provide an initial report by January 31, 2023. The report was initially expected to be delivered on June 30, 2022, but was moved to the 2023 date through a budget proviso.

The South Carolina General Assembly included a proviso in its FY 22-23 Appropriation Act to allow ORS to charge the Authority for the costs associated with its oversight of the Authority performed pursuant to Act 90 of 2021. The proviso allows the Authority to deduct this charge from the annual distribution to the State, so there is no additional cost to the Authority. ORS estimates these costs will be $2 million per year. See "SECURITY FOR THE 2022 BONDS – Rate Covenant – *Distributions to the State*."

LITIGATION

General

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 the Authority's financial condition, or the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution other than those described below. The Authority is involved in numerous actions arising from the ordinary course of its business and is defending pending claims, including the actions described below. Claims may be settled or decided by a judge, jury, or arbitrator. The Authority is unable to predict the outcome of the pending matters described below or predict additional claims which may arise. Adverse decisions or determinations could delay or impede the Authority's operation or construction of its existing or planned projects, and/or require the Authority to incur substantial additional costs. Such results could materially adversely affect the Authority's revenues and, in turn, the Authority's ability to pay debt service on its bonds, including the 2022 Bonds.

Pending Matters or Disputes

(a) Net Plant Dispute by Central

Following an annual audit of the Authority's records as permitted under the Central Agreement, Central took issue with the Authority's treatment of the Summer Nuclear Units 2 and 3 associated regulatory asset under the Central Agreement's cost of service model. Central's treatment of the regulatory asset, if applied, would result in the return to Central of over $70 million for fiscal years 2017, 2019, and January – July 2020 and a reduction in future contributions from Central in an as yet undetermined amount. The Authority responded to Central noting its disagreement with Central's position as Central released its claims regarding Summer Nuclear Units 2 and 3 in the Cook Settlement Agreement. No formal proceeding has been initiated.

(b) Cook Settlement Agreement Disputes

See "RECENT DEVELOPMENTS – Cook Settlement Agreement"."

(c) Gypsum Dispute – Arbitration Initiated by Central

On September 23, 2021, Central tendered a Notice of Arbitration, as permitted under the Central Agreement, presenting questions related to the Authority's accounting for gypsum expenses and revenues in conjunction with the Authority's contract with American Gypsum. The Authority submitted a response on October 15, 2021 with its position the gypsum accounting is proper. If accounted for in the manner Central proposed in its original Notice, the Authority estimates the amount would be approximately $6.7 million for 2015 through July 2020 and a reduction in future contributions from Central in an as yet undetermined amount. Central submitted an Amended Notice of Arbitration on June 8, 2022, to which the Authority replied on July 8, 2022, reiterating its position of proper accounting. Central's Amended Notice presented an alternative method for the arbitration tribunal to consider. If accounted for in the alternative proposal by Central, the Authority estimates that the amount would be approximately $2.6 million for 2015 through July 2020 and a reduction in future contributions from Central in an as yet undetermined amount. A full arbitration tribunal, consisting of three members, was selected. The arbitration, originally scheduled to occur in March 2023, will likely be scheduled on or after June 26, 2023 if the parties are unable to resolve the matter. Court proceedings may follow the tribunal's decision pursuant to the terms of the Central Agreement.

(d) South Carolina Public Service Authority v. U.S. Army Corps of Engineers

The Authority filed a claim on October 2, 2015, against the COE seeking a determination that the Rediversion Contract between the Authority and the COE does not require the Authority to credit the COE for a capacity value surcharge and that the COE owes the Authority approximately $5.3 million in contract payments for 2015. The Rediversion Contract governs the operation of the St. Stephen Hydro Plant and the obligations of the parties related to the Plant's operations. The COE denied the claim and asserted the Authority was required to pay the credit and a credit in the amount of $716,874 was due to the COE for 2015. The Authority appealed the decision to the Armed Services Board of Contract Appeals ("ASBCA") and the COE counterclaimed. The parties asked the ASBCA to determine the rights under the contract.

On July 22, 2020, the Board denied the Authority's appeals and remanded to the parties for "negotiation for the value of the additional capacity for the final 20 years of the contract performance period based on the contract." Negotiations are ongoing.

TAX MATTERS

Tax Matters Relating to the 2022C Bonds and the 2022E Bonds

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law and assuming continuing compliance with certain tax covenants, representations and certifications made by the Authority described herein, (i) interest on the 2022C Bonds and 2022E Bonds (collectively, the "Tax-Exempt Bonds) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code; however, for tax years beginning after December 31, 2022, interest on the Tax-Exempt Bonds is taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax imposed under Section 55 of the Code.

In addition, in the opinion of Bond Counsel, under existing law, interest on the Tax-Exempt Bonds is exempt from all taxation by the State, its counties, municipalities, and school districts except estate, transfer, or certain franchise taxes. Interest paid on the Tax-Exempt Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

Certain Ongoing Federal Tax Requirements and Covenants

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that requires certain excess earnings on gross proceeds to be rebated to the federal government. Noncompliance with such requirements could cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. The Authority, pursuant to the Revenue Obligation Resolution and the Tax Certificate has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain representations and certifications in the Revenue Obligation Resolution and the Tax Certificate on which Bond Counsel will rely. Bond Counsel will not independently verify the accuracy of those representations and certifications.

Ancillary Tax Matters

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a holder's federal, state, local, foreign or other tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the holder or the holder's other items of income or deduction. Prospective owners, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the tax consequences of owning and disposing of the Tax-Exempt Bonds. Bond Counsel expresses no opinion regarding any such other tax consequences.

Original Issue Discount

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Any prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Tax-Exempt Bonds were ultimately sold to the public.

In general, the original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Tax-Exempt Bond even though there will not be a corresponding cash payment. Holders of Tax-Exempt Bonds having original issue discount, and especially any holder who is not an original owner of such a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the tax consequences of acquiring, holding, and disposing of Tax-Exempt Bonds with original issue discount.

Original Issue Premium

Tax-Exempt Bonds purchased, whether at original issue or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such holder. As a consequence of reducing a holder's basis in a Premium Bond, under certain circumstances a holder of a Tax-Exempt Bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such holder's original cost of acquiring the bond. Holders of any Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium with respect to the tax consequences of acquiring, holding, and disposing of Premium Bonds.

Changes in Law and Post Issuance Events

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal or state income tax purposes and thus on the value or marketability of the Tax-Exempt Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Tax-Exempt Bonds may occur. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the impact of any change in law on the Tax-Exempt Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Bonds may affect the tax status of interest on the Tax-Exempt Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.

IRS Examination

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to, selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

Information Reporting and Backup Withholding

Interest on federally tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any holder of the Tax-Exempt Bonds who fails to provide certain required information and who is not an exempt person. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Tax Matters Relating to the 2022D Bonds and the 2022F Bonds

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law, interest on the 2022D Bonds and the 2022F Bonds (collectively, the "Taxable Bonds") is exempt from all taxation by the State, its counties, municipalities, and school districts except estate, transfer, or certain franchise taxes. Interest paid on the Taxable Bonds is

currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

Certain United States Federal Income Tax Matters

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Taxable Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including, but not limited to, financial institutions, insurance companies, dealers and traders in securities or currencies, persons holding such Taxable Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies, certain United States expatriates, REITs, RICs, partnerships, S corporations, trust, estates, tax exempt organizations or persons whose functional currency is not the United States dollar. In addition, this summary does not address (i) alternative minimum tax issues, (ii) the net investment income tax imposed (3.8% surtax) under Section 1411 of the Code, (iii) the indirect effects on person who hold equity interests in a holder, or (iv) holders other than original purchasers that acquire Taxable Bonds pursuant to this offering at their initial issue price except where otherwise specifically noted. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Taxable Bonds.

The Authority has not sought and will not seek any rulings from the IRS with respect to any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of Taxable Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Taxable Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Taxable Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Taxable Bonds.\

Taxation of Interest Generally

Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Bonds. Subject to the discussions below addressing original issue discount and bond premium, interest paid on the Taxable Bonds generally will be treated as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for United States federal income tax purposes.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Taxable Bonds issued with original issue discount ("Discount Taxable Bonds"). A Taxable Bond generally will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Taxable Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Taxable Bond's "stated redemption price at maturity" is the total of all payments provided by the Taxable Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the Authority) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Taxable Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Taxable Bond for each day during the taxable year in which such holder held such Taxable Bond. The daily portion of original issue discount on any Discount Taxable Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period), and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Taxable Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Taxable Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Bond Premium

A holder of a Taxable Bond who purchases such Taxable Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Taxable Bonds held by the holder on the first day of the taxable year to which the election applies and to all Taxable Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Taxable Bonds who acquire such Taxable Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Taxable Bonds.

Sale or Redemption of Bonds

A bondholder's adjusted tax basis for a Taxable Bond is the price such holder pays for the Taxable Bond plus the amount of original issue discount previously included in income and reduced on account of any payments received on such Taxable Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, generally will give rise to capital gain or loss if the Taxable Bond is held as a capital asset.

If the terms of a Taxable Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued," or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Taxable Bond under the defeasance provisions of the Revenue Obligation Resolution could result in a deemed sale or exchange of such Taxable Bond.

Each potential holder of Taxable Bonds should consult its own tax advisor concerning (i) the treatment of gain or loss on sale, redemption or defeasance of the Taxable Bonds, and (ii) the circumstances in which Taxable Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Taxable Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the Authority or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (i) does not own (actually or constructively) 10% or more of the voting equity interests of the Authority, (ii) is not a controlled foreign corporation for United States tax purposes that is related to the Authority (directly or indirectly) through stock ownership, and (iii) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (i) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Authority, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (ii) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Taxable Bonds must certify to the Authority or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing United States federal income tax treaty, if any, in force between the United States and the resident country of the Non-U.S. Holder. The United States has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Authority or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Taxable Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Taxable Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Taxable Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (i) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (ii) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Taxable Bonds, FATCA imposes U.S. withholding tax on interest payments, certain "passthru" payments, and gross proceeds of the sale of the Taxable Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, holders or beneficial owners of the Taxable Bonds shall have no recourse against the Authority, nor will the Authority be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Taxable Bonds. However, it should be noted that, under current guidance, FATCA withholding does not apply to gross proceeds, and will apply to certain "passthru" payment no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payment."

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Taxable Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Taxable Bonds are outstanding, the Authority, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to

certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Authority, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Taxable Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Authority, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the Authority nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Taxable Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Taxable Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding United States federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

Changes in Law and Post Issuance Events

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of the Taxable Bonds for federal income tax purposes. Such opinions are not binding on the IRS or the courts. Furthermore, legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the Taxable Bonds for federal or state income tax purposes, and thus on the value or marketability of the Taxable Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Taxable Bonds. Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Taxable Bonds.

Bond Counsel Opinions

The opinions of Bond Counsel are limited to the laws of the State and federal income tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Tax-Exempt Bonds, Taxable Bonds or the interest thereon under the laws of any other jurisdiction. The forms of the approving opinions of Bond Counsel are attached to this Official Statement as APPENDIX E – "PROPOSED FORMS OF BOND COUNSEL OPINION." Bond Counsel is not rendering any opinions as to any federal and state tax matters other than those described in the opinions attached as APPENDIX E – "PROPOSED FORMS OF BOND COUNSEL OPINION" to this Official Statement. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds and Taxable Bonds, as well as any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the 2022 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties in Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (i) fiduciary with respect to a plan; (ii) a person providing services to a plan; (iii) an employer or employee organization any of whose employees or members are covered by the plan; and (iv) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the 2022 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Authority were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the Authority would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code if the Benefit Plan acquires an "equity interest" in the Authority and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest

is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the 2022 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the 2022 Bonds, including the reasonable expectation of purchasers of 2022 Bonds that the 2022 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the 2022 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of 2022 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Authority or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the 2022 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a 2022 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the 2022 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a 2022 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the 2022 Bond (or interest therein) with the assets of a Benefit Plan, Governmental Plan or Church Plan; or (ii) the acquisition and holding of the 2022 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires 2022 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Authority, the Trustee, the Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the 2022 Bonds, the purchase of the 2022 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of 2022 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Authority, the Trustee or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the 2022 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

UNDERWRITING

Pursuant to the provisions of a Bond Purchase Agreement, J.P. Morgan Securities LLC (in such capacity, the "Representative"), on its own behalf and on behalf of BofA Securities, Inc. Barclays Capital Inc., American Veterans Group, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, TD Securities (USA) LLC and Wells Fargo Bank, National Association (together with the Representative, the "Underwriters"), have agreed, subject to certain conditions, to purchase the 2022 Bonds from the Authority at the price of $635,027,890.40 representing the aggregate principal amount of the 2022 Bonds, plus net original issue premium of $15,890,435.40, less an underwriters' discount of $2,352,545.00. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all 2022 Bonds if any 2022 Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriters.

Certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the offered bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISOR

PFM Financial Advisors LLC is acting as municipal advisor (the "Municipal Advisor") to the Authority in connection with the issuance of the 2022 Bonds. The Municipal Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement or the other information available from the Authority with respect to the appropriateness, accuracy, and completeness of the disclosure of such information, and the Municipal Advisor makes no guarantee, warranty, or other representation on any matter related to such information. The Municipal Advisor is an independent municipal advisory and

consulting organization and is not engaged in the business of underwriting, marketing, or trading of municipal securities or any other negotiable instruments.

FINANCIAL STATEMENTS

The audited financial statements of the Authority for the years ended December 31, 2021 and 2020, attached as APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS" to this Official Statement, have been audited by Cherry Bekaert LLP, independent certified public accountants, as stated in their audit report appearing therein. The audit report of Cherry Bekaert LLP relating to the Authority's financial statements for the years ended December 31, 2021 and 2020, which is a matter of public record, is included in such financial statements.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") are expected to assign ratings of "A1" (stable outlook) and "AA" (stable outlook), respectively, to the Insured Bonds, with the understanding that, upon issuance and delivery of the Insured Bonds, a municipal bond insurance policy will be issued by AGM. As noted on the cover page of this Official Statement, Moody's, S&P and Fitch Ratings ("Fitch") have assigned ratings of, "A3", "A-" and "A-", respectively, to the 2022 Bonds.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, Hearst Tower, 300 West 57th Street, New York, New York 10019, Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and S&P Global Ratings, 55 Water Street, New York, New York 10041. The Authority has furnished to the rating agencies information, including information not included in this Official Statement, about the Authority and the 2022 Bonds. Generally, a rating agency bases its rating and outlook on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such ratings for the 2022 Bonds will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Those circumstances may include, among other things, changes in or unavailability of information relating to the Authority. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2022 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants will verify the accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on Permitted Investments, together with certain cash balances, held under the Escrow Deposit Agreement or Escrow Deposit Agreements with respect to the Refunded 2016 Series D Bonds, to pay the principal of the 2016 Refunded Series D Bonds on the maturity date therefor and to pay accrued interest thereon to the maturity date.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2022 Bonds is subject to the approval of Burr Forman McNair LLP, Charleston, South Carolina, Bond Counsel and delivery of the approving opinion of Bond Counsel in substantially the form set forth in APPENDIX E – "PROPOSED FORMS OF BOND COUNSEL OPINIONS" attached hereto. Certain legal matters will be passed upon for the Authority by Nixon Peabody LLP, New York, New York, Disclosure Counsel to the Authority. Certain legal matters will be passed on for the Authority by Pamela J.

Williams, the Authority's Chief Public Affairs Officer and General Counsel, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

CONTINUING DISCLOSURE

The Authority has authorized and will execute a Continuing Disclosure Agreement simultaneously with the delivery of the 2022 Bonds (the "Continuing Disclosure Agreement") to assist the Underwriters in complying with Rule 15c2-12 of the SEC ("Rule 15c2-12"). A proposed form of the Continuing Disclosure Agreement is included as APPENDIX F – "PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Pursuant to the Continuing Disclosure Agreement, the Authority will covenant for the benefit of the Holders and the "Beneficial Owners" (as hereinafter defined) of the 2022 Bonds to provide certain financial information and operating data relating to the System by not later than six months (presently, by each June 30) after the end of each of the Authority's fiscal years, commencing with the report for the fiscal year ending December 31, 2021 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the 2022 Bonds. The Annual Report will be filed by or on behalf of the Authority with the MSRB through its EMMA system. The notices of such enumerated events will be filed by or on behalf of the Authority with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in form of the Continuing Disclosure Agreement.

As provided in the Continuing Disclosure Agreement, failure by the Authority to comply with any provision of the Continuing Disclosure Agreement does not constitute an event of default under the Revenue Obligation Resolution; however, any Holder or Beneficial Owner of the 2022 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement. "Beneficial Owner" is defined in the Continuing Disclosure Agreement to 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 2022 Bonds (including persons holding 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2022 Bonds for federal income tax purposes. If any person seeks to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement, it is the responsibility of such person to demonstrate that it is a "Beneficial Owner" within the meaning of the Continuing Disclosure Agreement.

Except as described in the following paragraph, the Authority represents that, in the previous five years, it has not failed to comply, in all material respects, with any previous undertaking in a written contract or agreement entered into under Rule 15c2-12.

In September 2021, the Authority failed to file notice in a timely manner with respect to the incurrence of a "Financial Obligation", as defined in Rule 15c2-12, that on September 9, 2021, the Authority and Bank of America, N.A. entered into a First Amendment to Revolving Credit Agreement (the "First Amendment") to extend the expiration date of the Bank of America Credit Agreement to December 10, 2021. On November 22, 2021, the Authority filed the notice of having entered into the First Amendment and additionally filed a notice of late filing regarding entering into the First Amendment.

MISCELLANEOUS

The agreements of the Authority with the owners of the 2022 Bonds are fully set forth in the Revenue Obligation Resolution. This Official Statement is not to be construed as a contract with the purchasers of the 2022 Bonds. This Official Statement has been approved by the Board.

The information contained in this Official Statement has been compiled or prepared from information obtained from the Authority and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of the date hereof. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

By: /s/ Jimmy Staton
President and Chief Executive Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

REPORT OF THE AUTHORITY’S FINANCIAL STATEMENTS

Audit Committee Chairwoman's Letter

The Audit Committee of the Board of Directors is comprised of independent directors Peggy H. Pinnell – Chairwoman, William A. Finn, Merrell W. Floyd, Charles H. Leaird, Stephen H. Mudge and Barry D. Wynn.

The committee receives regular reports from members of management and Internal Audit regarding their activities and responsibilities.

The Audit Committee oversees Santee Cooper's financial reporting, internal controls and audit process on behalf of the Board of Directors.

Periodic financial statements and reports pertaining to operations and representations were received from management and the internal auditors. In fulfilling its responsibilities, the committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The committee discussed the company's financial statements and the adequacy of its system of internal controls. The committee met with the independent public accountants and with the General Auditor to discuss the results of the audit, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

Peggy H. Pinnell
Chairwoman
2021 Audit Committee

This Page Intentionally Left Blank

Report of Independent Auditor

To the Advisory Board and Board of Directors
South Carolina Public Service Authority
Moncks Corner, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the South Carolina Public Service Authority (the "Authority") (a component unit of the state of South Carolina), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplemental financial data as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Chairman and CEO Letter, Corporate Statistics, Audit Committee Chairwoman's Letter, Leadership, and Office Locations but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Raleigh, North Carolina
March 11, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The South Carolina Public Service Authority (the "Authority" or "Santee Cooper") is a component unit of the State of South Carolina (the "State"), created by the State in 1934 for the purpose of providing and aiding interstate commerce, navigation, electric power and wholesale water to the people of South Carolina. The statute under which it was created provides that the Authority will establish rates and charges so as to produce revenues sufficient to provide for payment of all expenses, the conservation, maintenance and operation of its facilities and properties and the payment of the principal and interest on its notes, bonds, or other obligations; provided, however, that prior to putting into effect any increase in rates the Authority shall give at least a sixty-day notice of such increase to all customers who will be affected. Further rate related requirements were imposed by Act 90 and are described in the Legislative Matters section on page 23.

The Authority's assets include wholly-owned and ownership interests in a variety of coal, natural gas, nuclear, hydro, biomass, landfill and solar generating units totaling 5,115 megawatts (MW) of summer power supply peak capability. This consists of 3,500 MW of coal-fired capacity, 1,117 MW of natural gas and oil capacity, 322 MW of nuclear capacity, 142 MW of hydro capacity, 29 MW of landfill methane gas capacity and 5 MW of solar capacity. In addition to its generation assets, the Authority may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to maximize the efficient use of generating resources, reduce operating costs and increase operating revenues. The Authority also operates an integrated transmission system which includes lines owned by the Authority as well as those owned by Central Electric Power Cooperative Inc. ("Central"), the Authority's largest wholesale customer.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion serves as an introduction to the basic and fiduciary financial statements of the Authority to provide the reader with an overview of the Authority's financial position and operations. As discussed in the Notes to the Financial Statements (Note 1 – A - "Reporting Entity"), the financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems.

The Statements of Net Position – Business – Type Activities summarize information on the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

The operating results of the Authority are presented in the Statements of Revenues, Expenses and Changes in Net Position – Business – Type Activities. Revenues represent billings for electricity and wholesale water sales. Expenses primarily include operating costs and debt service-related charges.

The Statements of Cash Flows – Business – Type Activities are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements related to cash provided by or used in operations, non-capital related financing, capital related financing and investing activities.

The Statements of Fiduciary Net position – OPEB Trust Fund summarizes the assets, liabilities, and fiduciary net position of the OPEB Trust Fund.

The Statements of Changes in Fiduciary Net Position – OPEB Trust Fund reports additions to and deductions from the OPEB Trust Fund.

The Notes are an integral part of the Authority's basic financial statements and provide additional information on certain components of the financial statements.

Financial Condition Overview

The Authority's Statements of Net Position as of December 31, 2021, 2020 and 2019 are summarized below:

	2021	2020	2019
		(Thousands)	
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Capital assets	**$ 5,003,200**	$ 5,065,225	$ 5,120,393
Current assets	**1,400,548**	1,195,349	1,195,125
Other noncurrent assets	**4,436,986**	4,395,151	4,484,897
Deferred outflows of resources	**872,566**	895,719	968,477
Total assets & deferred outflows of resources	**$ 11,713,300**	$ 11,551,444	$ 11,768,892
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-term debt - net	**$ 6,961,591**	$ 6,857,277	$ 6,901,130
Current liabilities	**671,887**	614,928	690,985
Other noncurrent liabilities	**1,240,899**	1,379,405	1,474,063
Deferred inflows of resources	**700,143**	600,183	637,638
Total liabilities & deferred inflows of resources	**$ 9,574,520**	$ 9,451,793	$ 9,703,816
NET POSITION			
Net invested in capital assets	**$ 2,010,384**	$ 2,090,633	$ 2,041,105
Restricted for debt service	**9,214**	12,107	7,963
Restricted for capital projects	0	119	135
Unrestricted (deficit)	119,182	(3,208)	15,873
Total net position	**$ 2,138,780**	$ 2,099,651	$ 2,065,076
Total liabilities, deferred inflows of resources & net position	**$ 11,713,300**	**$ 11,551,444**	$ 11,768,892

2021 Compared to 2020

The primary changes in the Authority's financial condition as of December 31, 2021 and 2020 were as follows:

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources increased $161.9 million during 2021 due to increases of $205.2 million in current assets and $41.8 million in other noncurrent assets. These increases were offset by smaller decreases of $62.0 million in capital assets and $23.1 million in deferred outflows of resources.

The decrease in capital assets of $62.0 million was due to higher accumulated depreciation of $170.0 million, offset by net capital asset additions. The capital asset additions included utility plant for the Sandy Run-Orangeburg transmission line, distribution services projects, nuclear projects unitizations, ash handling conversion equipment installed to meet the Coal Combustion Residual Rule (CCR Rule) and Effluent Limitations Guidelines and Standards (ELG Rule) established by the United States Environmental Protection Agency (EPA).

The increase in current assets of $205.2 million was primarily due to increases in unrestricted and restricted cash and investments of $207.8 million. These consist of net increases from proceeds received from the 2021B improvement bonds less debt service payments, funding the current year cash defeasances and capital expenditures. Regulatory assets – nuclear also increased by $30.0 million due to transfers from noncurrent regulatory assets – nuclear, net of current year amortization. Also, prepaid expenses & other current assets increased by $23.6 million due mainly to an increase in the current derivative assets. Offsetting these increases were decreases in receivables of $34.4 million, primarily caused by differences between the years for the unbilled fuel receivable, Central Electric, and the long-term debt interest accrual receivable. Also fuel stocks decreased by $20.7 million due to coal supplier and transportation issues.

The increase in other noncurrent assets of $41.8 million was mainly due to increases of $65.1 million in noncurrent derivative gains and higher gains of $12.5 million from energy purchases from TEA. These increases were offset partially by a decrease in noncurrent regulatory assets – nuclear of $36.5 million due a transfer to current.

Deferred outflows of resources decreased $23.2 million due mainly to the Regulatory asset-asset retirement obligation (ARO) which decreased $18.8 million from continued ash pond removals. Unamortized loss on refunded and defeased debt also decreased $13.6 million from a combination of normal amortization on all issues and removals of a portion of balances of the 2021A refunding and 2021 commercial paper partial redemption. The accumulated fair value of hedging derivatives also decreased by $7.4 million due to higher deferred losses compared to the prior period. These decreases were partially offset from increases in the deferred outflow – pension of $9.8 million and the deferred outflow – OPEB of $6.8 million resulting from the 2021 actuarial studies and payments made after the measurement period.

Liabilities, Deferred Inflows of Resources & Net Position

Liabilities & deferred inflows of resources increased $122.7 million due to increases of $104.3 million in long-term debt, $57.0 million in current liabilities, and $100.0 million in deferred inflows of resources. These increases were partially offset by a decrease of $138.5 million in other noncurrent liabilities.

Long-term debt - net increased $104.3 million primarily due to the addition of the 2021AB Refunding & Improvement issue of $430.3 million and the associated debt premium of $97.4 million. This was offset by a decrease resulting from the payment of the portion of the principal balances from the 2021A and commercial paper refunding totaling $191.3 million, as well as a $91.0 million decrease in long-term revolving credit agreements due to the 2021B Improvement bond issue proceeds being used to pay the balances down. Separate from a $97.3 million increase in debt premiums associated with the 2021 AB bonds, unamortized debt discounts and premiums also decreased $32.5 million for amortization of discounts and premiums as well as refunding activity.

The increase in current liabilities of $57.0 million was due to increases in other current liabilities of $76.1 million. The other current liabilities increase was a result of higher regulatory liability offsets of $56.2 million due to hedging collateral received from higher natural gas prices and revenue adjustments of $18.7 million. Also adding to the increase was higher accounts payable of $50.5 million. The accounts payable increase was a result of purchased power liability of $37.5 million due to lower coal generation, fuel purchase liability increases of $18.9 million from higher natural gas prices and increased year-end accruals, and Summer nuclear accounts payable of $7.4 million. These accounts payable increases were offset by a lower coal liability of $20.1 million resulting from supply chain issues.

The decrease in other noncurrent liabilities of $138.5 million resulted mainly from a reduction of $77.2 million in other credits and noncurrent liabilities of $70.0 million for the Cook Settlement (see Note 10- *Legal Matters*) transfer to other current liabilities and $6.5 million in lower amortization of the regulatory liability associated with Summer nuclear 2 & 3 sales. Also contributing to this decrease was a lower net pension liability of $49.0 million, resulting from better-than-expected investment performance, and a lower asset retirement obligation of $24.8 million primarily due to ash pond removals. Somewhat offsetting this was higher unamortized debt discounts and premiums of $64.9 million due mainly to debt premium increases of $97.4 million related to the 2021AB Refunding and Improvement bond issue. Also offsetting this increase was $26.9 million in debt premium amortization and $6.6 million in debt premium removals resulting from the 2021A Refunding bond issue. Further offsets were provided by long-term debt (net of current portion) increases of $39.5 million due to long-term debt net increases of $130.5 million from the addition of $430.3 million related to the 2021AB Refunding and Improvement bond issue, a $174.4 million decrease for removals of balances resulting from the 2021A Refunding bond issue, a $16.9 million decrease for removals of the 2019A Refunding water system bond refunded by commercial paper and a $108.5 million decrease due to transfers to current portion. Also contributing was lower Long Term Revolving Credit Agreements of $91.0 million due to paydowns from the 2021 B Improvement bond issue proceeds.

Deferred inflows of resources increased $100.0 million largely due to higher accumulated increase in fair value of hedging derivatives of $103.3 million due to higher gains associated with higher natural gas prices increasing futures settle prices in 2021. Further increases were provided by deferred inflows – pension of $48.5 million associated with better investment performance in the 2021 actuarial study. Somewhat offsetting these increases were amortization of $45.3 million of the deferred inflows - Toshiba settlement to align with utilizing settlement funds to fund debt defeasances and funds used for capital expenditures. Further offsets were provided by deferred inflow - OPEB of $4.7 million from the 2021 actuarial study.

The increase in net position of $39.1 million was due to positive operating results. Unrestricted net position increased $122.3 million, offset by lower net investment in capital assets of $80.2 million. Further offsets were provided by lower restricted net position of $3.0 million.

2020 Compared to 2019

The primary changes in the Authority's financial condition as of December 31, 2020 and 2019 were as follows:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows of resources decreased $217.4 million during 2020 due to decreases of $55.2 million in capital assets, $89.7 million in other noncurrent assets and $72.8 million in deferred outflows of resources.

The decrease in capital assets of $55.2 million was due to from higher accumulated depreciation of $196.3 million offset by net capital asset additions. The capital asset additions included net utility plant additions of $55.3 million for a Pomaria-Sandy Run transmission line, distribution services projects and ash handling conversion equipment installed to meet the Coal Combustion Residual Rule (CCR Rule) and Effluent Limitations Guidelines and Standards (ELG Rule) established by the United States Environmental Protection Agency (EPA). Nuclear unitizations also added to the decrease in construction work in progress.

The decrease in other noncurrent assets of $89.7 million was primarily due to a decrease in costs to be recovered from future revenues (CTBR) of $54.4 million due to an adjustment to revised depreciation amortization in the CTBR depreciation calculation (See Note 2 – *Costs to be Recovered From Future Revenue (CTBR)*). Also contributing were decreases in other noncurrent and regulatory assets of $31.7 million, largely from decreases in billable projects driven by the unitization of energy efficiency rebate programs that are transferred to plant in-service, with an offset to billable projects and an advance payment being received on a solar billable project for which work has not started. The regulatory asset – nuclear decreased $13.6 million from $7.1 million in adjustments and $6.5 million being transferred to current.

Deferred outflows of resources decreased $72.8 million largely due to reductions in the accumulated decrease in fair value of hedging derivatives of $33.7 million resulting from higher futures settle price in 2020 reducing losses. Regulatory asset - asset retirement obligation (ARO) decreased $24.2 million from continued ash pond removals as well as a nuclear ARO update from a 2019 TLG decommissioning cost study. Unamortized loss on refunded and defeased debt decreased $24.3 million from $12.3 million in removals of a portion of balances resulting from the November 2020 refunding and the December 2020 cash defeasance. Also contributing were reductions of $14.2 million for normal monthly amortization of debt losses for all outstanding issues. Further decreases were provided by deferred outflow - OPEB of 46.1 million from a 2020 actuarial analysis. Somewhat offsetting these decreases were higher deferred outflows - pension of $15.6 million from a 2020 actuarial analysis.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Liabilities & deferred inflows of resources decreased $252.0 million due to decreases of $43.9 million in long-term debt, $76.1 million in current liabilities, $94.7 million in other noncurrent liabilities and $37.5 million in deferred inflows of resources.

Long-term debt net decreased $43.9 million primarily due to a cash bond defeasance of $57.2 million as well as net transfers to current portion of long-term debt of $15.3 million. Unamortized debt discounts and premiums decreased $15.6 million for amortization of discounts and premiums as well as defeasance and refunding activity. These decreases were offset by a net increase of $65.0 million on long-term revolving credit agreements due to current year draws. Also, the net impact of the 2020AB Refunding and 2020A improvement issue provided an increase of $68.6 million.

The decrease in current liabilities of $76.1 million was due to decreases in short-term revolving credit agreement of $64.2 million from higher net paydowns. Accounts payable decreased $20.9 million due mainly to decreases of $17.3 million in the Summer Nuclear accounts payable liability due to lower year-end accruals for V.C. Summer Units 2&3. Also, the liability for major fuel (oil and gas purchases) decreased by $3.2 million. Further contributing were other current liabilities of $32.7 million from lower revenue adjustments of $13.0 million, lower current derivative regulatory offsets of $8.7 million and a smaller accrued nuclear reloading expense of $5.1 million. The remaining net variance is spread across the remaining liability accounts in this category. These decreases were offset by increases of $28.9 million in commercial paper and $15.3 million in current portion of long-term debt.

The decrease in other noncurrent liabilities of $94.7 resulted mainly from a reduction of $73.9 million in other credits and noncurrent liabilities of $65.0 million for the Cook Settlement (see Note 10 – *Legal Matters*). Also contributing to this variance was a $13.9 million decrease in noncurrent derivative losses regulatory offsets. Somewhat offsetting this was an increase in unamortized gain on refinanced debt of $10.1 million from the 2020AB refunding. The net OPEB liability decreased $10.6 million from the 2020 actuarial analysis. Further decreases resulted from ARO changes of $23.6 million from continued ash pond removals as well as a nuclear ARO update from a 2019 TLG decommissioning cost study. Lower construction liabilities contributed $5.2 million to the variance. Somewhat offsetting these decreases were increases in the net pension liability of $18.6 million resulting from the 2020 actuarial study.

Deferred inflows of resources decreased $37.5 million largely due to amortization of $69.8 million of the Regulatory Inflows-Toshiba Settlement to align with utilizing settlement funds to fund debt defeasances and funds used for capital expenditures. Somewhat offsetting this decrease was an increase in nuclear decommissioning costs of $15.4 million due to current year funding and earnings growth. The accumulated increase to fair value of hedging derivatives also increased $12.3 million due to higher gains from current year futures settle prices in 2020. Further offsets were provided by increases in deferred inflows - OPEB and deferred inflows - pension of $2.6 million and $2.1 million, respectively resulting from the 2020 actuarial studies.

The increase in net position of $34.6 million was due to positive operating results. The increase in net position resulted in an increase in net investment in capital assets of $49.6 million, higher restricted net position for debt service of $4.1 million, and lower unrestricted net position of $19.1 million.

RESULTS OF OPERATIONS

Santee Cooper's Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2021, 2020 and 2019 are summarized as follows:

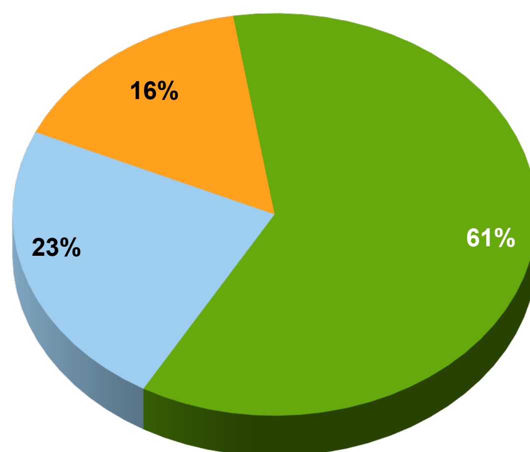
	2021	2020	2019
		(Thousands)	
Operating revenues	**$ 1,765,785**	$ 1,627,427	$ 1,722,676
Operating expenses	**1,496,286**	1,263,683	1,319,872
Operating income	**269,499**	363,744	402,804
Interest expense	**(304,946)**	(319,592)	(356,641)
Costs to be recovered from future revenue	**3,145**	(54,431)	48,681
Other income	**88,566**	62,333	(109,154)
Transfers and special item	**(17,135)**	(17,479)	(217,496)
Change in net position	**$ 39,129**	$ 34,575	$ (231,806)
Net position - beginning of period	**$ 2,099,651**	$ 2,065,076	$ 2,296,882
Ending net position	**$ 2,138,780**	$ 2,099,651	$ 2,065,076

2021 COMPARED TO 2020

OPERATING REVENUES

Compared to 2020, operating revenues increased $138.4 million (9%), primarily due to higher energy sales (11%) and demand usage (13%), largely due to impacts from the Covid-19 pandemic in the prior year. Also contributing to energy sales were the new agreement with Century Aluminum and increased production requirements at Nucor, adding $42.5 million and $19.7 million in 2021, respectively. Milder weather during 2020 also added to the increase in 2021. Additionally, higher demand and fuel rate revenues of $6.5 million and $34.5 million, respectively, added to the increase. There was also an increase from Century's supplemental energy requirements of $29.1 million. Somewhat offsetting these increases were decreases to revenue from the Central Cost of Service true-up adjustments totaling $28.2 million. Also contributing to the decrease were impacts from prior year Central Economic Development Rider (EDR) revenues of $13.7 million not present in the current year due to their participation in the program ending. Energy sales for 2021 totaled approximately 24.6 million megawatt hours (MWhs), as compared to approximately 22.2 million MWhs for 2020.

2021 Revenues from Sales of Electricity*
by Customer Class

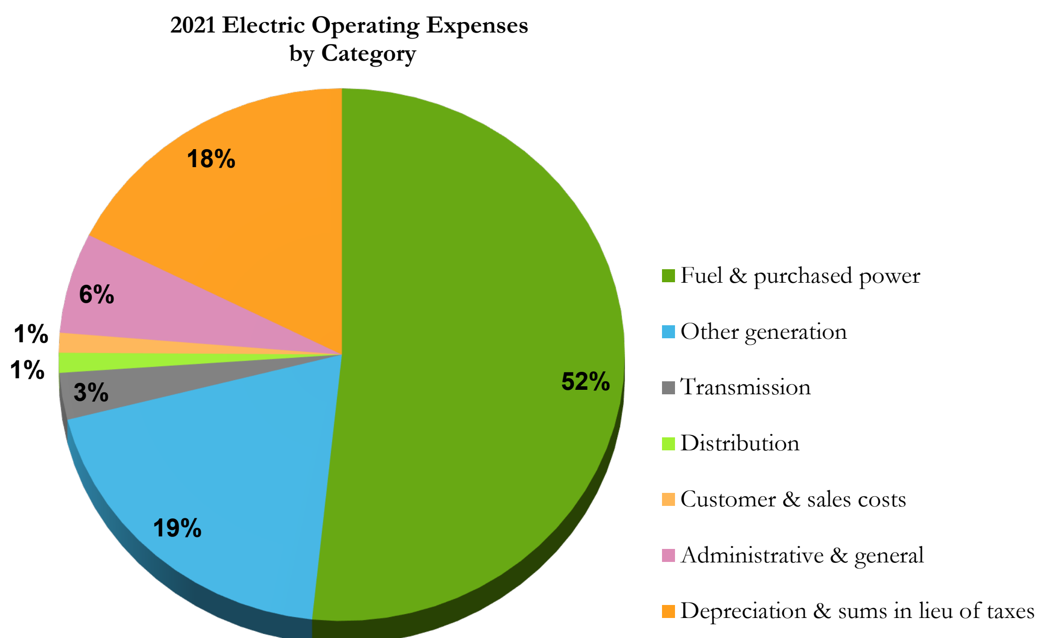


		2021		2020		2019
Revenues from Sales of Electricity*				(Thousands)		
Retail	**$**	**406,969**	$	383,267	$	407,419
Industrial		**274,202**		196,683		224,967
Sales for resale		**1,059,588**		1,022,398		1,062,056
Totals	**$**	**1,740,759**	$	1,602,348	$	1,694,442

*Excludes interdepartmental sales of $582 for 2021, $577 for 2020 and $613 for 2019.

Operating Expenses

Operating expenses for 2021 increased $232.6 million (18%) as compared to 2020. Primary drivers were higher fuel and purchased power expense of $172.5 million from higher kWh sales and increased use of purchased power due to plant outages and coal stockpile management as well as higher costs in the energy markets due to higher natural gas prices. Also contributing was the recent implementation of a non-cash coal adder to incentivize a lower coal burn to help maintain coal stockpile inventories for the upcoming winter. Somewhat offsetting this was lower natural gas generation during 2021 due to increased commodity prices. Non-fuel operating expenses increased $61.2 million largely from contract services and materials associated with plant outages at Cross, Rainey and Winyah as well as a Cross spring outage in the prior year being postponed until 2021. Also contributing was a COVID-19 reimbursement reversal; and depreciation ($14.1 million) mainly from assets placed into service in the current year. Somewhat offsetting these increases were lower administrative and general expenses of $14.8 million primarily due to a large actuarily determined GASB 68 (pension) credit from better-than-expected investment performance on trust assets.



		2021		2020		2019
Electric Operating Expenses				(Thousands)		
Fuel & purchased power	$	**770,115**	$	597,636	$	669,502
Other generation		**288,840**		227,679		264,844
Transmission		**42,338**		38,904		36,217
Distribution		**17,997**		17,413		17,925
Customer & sales costs		**17,903**		22,051		21,873
Administrative & general		**90,844**		105,608		102,914
Depreciation & sums in lieu of taxes		**262,134**		248,245		200,599
Totals	$	**1,490,171**	$	1,257,536	$	1,313,874

NET BELOW THE LINE ITEMS

- Other income increased $26.2 million, resulting primarily from higher gains from TEA ($16.9 million) and lower current year net amortization expense ($17.1 million) associated with the Pee Dee and Nuclear Regulatory Asset and the Toshiba Regulatory Liability. This amortization is to align with impacts from debt defeasances as well as capital expenditures, which were greater in the prior year.

- Interest and amortization expense for 2021 was $14.1 million lower, primarily due to the 2020 AB refunding and the December 2020 defeasance.

- CTBR expense was lower by $57.4 million, mainly as result of the prior year adjustment to revise depreciation amortization to be recovered.

- Transfers represent dollars paid to the State.

2020 COMPARED TO 2019

OPERATING REVENUES

As compared to 2019, operating revenues decreased $95.2 million (6%), primarily due to lower fuel rate revenues ($51.6 million). Lower energy sales (4%) and demand usage (5%) reduced revenue by $35.8 million and $23.1 million, respectively. Milder weather throughout 2020 contributed to the revenue decrease. The year-to-date weather adjusted impact attributed 45% of the decrease to weather, whereas the remainder was largely due to impacts from the COVID-19 pandemic. Somewhat offsetting this decrease was higher demand rate revenues of $19.5 million, primarily from Central. Also contributing to the decrease were impacts from a rate freeze that was implemented July 31, 2020. Energy sales for 2020 totaled approximately 22.2, as compared to approximately 23.2 for 2019.

OPERATING EXPENSES

Operating expenses for 2020 decreased $56.2 million (4%) as compared to 2019. The main drivers were lower fuel and purchased power expense which decreased $71.9 million. This was due to lower kWh sales, lower commodity prices than prior year and a lower cost fuel mix. Other generation costs decreased $37.2 million from contract services and materials due to lower coal generation, as well as the majority of a Cross spring outage being shifted from 2020 to the spring of 2021. Nuclear expenses also were down from an outage true-up credit ($3.2 million) received in August as well as Dominion's voluntary retirement program and merger integration costs driving costs higher in the prior year. Also contributing was a year-end FEMA accrual ($4.3 million) for COVID-19 expense reimbursement. Somewhat offsetting this was higher: (i) depreciation ($51.8) due to new rates being implemented in 2020 as well as assets being placed into service in the current year; and (ii) transmission ($2.4 million) mainly from a FEMA accrual reversal.

NET BELOW THE LINE ITEMS

- Other income increased $171.5 million, resulting largely from higher net amortization of the Nuclear Regulatory Asset ($353.3 million) and the Toshiba Regulatory Liability ($192.4 million) in the prior year. These amortizations are to align with impacts from debt defeasances as well as capital expenditures, which were greater in the prior year.

- Interest and amortization expense for 2020 was $37.0 million lower primarily from the 2019 debt defeasance and refunding.

- CTBR expense was higher by $103.1 million mainly as result of an adjustment to revise depreciation amortization to be recovered.

- Capital contributions, transfers and special items represent dollars paid to the State as well as a prior year special item. The payment to the State, which is based on a percentage of total budgeted revenues was in-line with the prior year. A special item was recorded in 2019 for the Cook case legal settlement of $200.0 million (see Note 10 – *Legal Matters*).

ECONOMIC CONDITIONS

The Authority and the electric industry continue to face economic and industry challenges that impact the competitiveness and financial condition of the utility. As market conditions fluctuate, the Authority's mission continues to be to deliver low-cost and reliable electricity and water to its customers.

To address these challenges, the Authority has developed business growth initiatives that revolve around four strategic initiatives - marketing, product development, project management and competitive rates. The Authority is marketing industrial and commercial properties that are served directly by the Authority and The Electric Cooperative partners and municipal customers. Product development activities include the creation and/or improvement of industrial properties, the acquisition of property, expansion of infrastructure into industrial properties, and/or constructing buildings for industrial use. Since June 2012, the Authority has invested over $105.0 million throughout South Carolina in product development activities through low interest revolving loans to public entities. The Authority continues to monitor the impacts of the Covid-19 pandemic on the business and serving existing customers. (See Note 14- *Impact of Novel Coronavirus (COVID-19) Pandemic*)

The Authority's commitment to economic development efforts with the State, The Electric Cooperatives and other economic development partners also brought additional announcements of business growth projects during 2021, including Scentsy in the City of Rock Hill, Central States Manufacturing in Aiken County, and Solstice Sleep Products in Marion County, among many others.

The Authority's largest customer, Central, accounted for 57.7 percent of sales revenues in 2021. Central provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central pursuant to long-term all requirements power supply agreements. In September 2009, Central and the Authority entered into an agreement ("September 2009 Agreement") that, among other things, allowed Central to transition the portion of power and energy requirements of the five former Saluda members, (the "Upstate Load"), directly connected to the transmission system of Duke Energy Carolinas, LLC to another supplier. In January 2013, Central began transitioning the Upstate Load to Duke Energy Carolinas, a subsidiary of Duke Energy Corporation, ("Duke"). The load transition was complete on January 1, 2019 and amounted to approximately 900 MW. Nothing precludes the Authority from serving this load when the Duke agreement ends on December 31, 2030.

In May 2013, the Authority and Central agreed to extend their termination rights as noted in the September 2009 Agreement until December 31, 2058 ("Coordination Agreement"). Under the Coordination Agreement 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. Central has entered into requirement agreements with all 20 of its member cooperatives that extends through December 31, 2058 and obligates those members to pay their share of Central's costs, including costs paid under the Coordination Agreement. The Authority and Central have resolved certain matters relating to the nuclear project through the execution of the Cook Settlement and continue to conduct business pursuant to the terms of the Settlement and the Coordination Agreement.

Due to low gas prices, an uncertain regulatory environment, labor shortages, and an overall reduction in demand during the COVID-19 pandemic, many coal suppliers have taken their production capacity offline or reduced their production. With the reduction in supply and demand, transportation providers also furloughed employees and stored assets. Demand rebounded faster and stronger than expected over the course of 2021 and gas prices rose to levels that would typically trigger gas to coal fuel switching. However, coal supply is now limited as producers have adjusted their production in response to lower demand for coal over the years and ramping up production takes time. Coal supply has been limited even further recently due to the Authority's largest source of coal being shut down due to safety concerns at the mine. Additionally, the COVID-19 pandemic and labor shortages have made increasing production volumes and transportation of the coal difficult. Due to these coal supply issues, the Authority is experiencing coal inventory levels that are below its targeted operating levels.

The Authority's targeted range for coal on hand is 800 thousand to 1.2 million tons. As of December 31, 2021, the Authority had approximately 562 thousand tons of coal on hand which equates to approximately 34 days of inventory based on average daily burns projected for 2022. Colder than normal weather resulted in inventory levels further decreasing by approximately 100 thousand tons through the middle of February 2022. The continuation of this cold weather or continued supply chain disruptions would further reduce inventory levels and would extend the presently expected timeline for reaching the targeted range for coal on hand. The Authority currently expects production to resume at their largest coal source in the first quarter of 2022 with expected full capacity reached by the third quarter of 2022, along with gradual improvements to deliveries throughout the first half of 2022 and projects reaching the lower end of the targeted range in the second quarter of 2022.

The Authority reacted to the initial signs of these coal supply issues in the first quarter of 2021 by immediately implementing measures to conserve coal inventory for peak months. These measures included fuel switching away from coal consumption to natural gas and market purchases although it was uneconomical to do so due to elevated natural gas and power market prices. The Authority is continuing to run natural gas units and purchase power from the market to displace coal consumption in order to maintain adequate coal supply for the winter peak months. Recent lower than projected inventory levels thus far in 2022 could result in more extreme measures being taken to preserve coal supply inventory, potentially leading the Authority to utilize higher levels of the less economical natural gas units and purchase power, leading to materially increased costs.

The Authority had hedged most of its projected natural gas needs and a minimal amount of projected market purchases to help manage its fuel position during the rate freeze period. However, the coal supply issues, and associated measures taken by the Authority to reduce coal consumption, have resulted in natural gas consumption and market purchases above projected levels for the Authority. Average natural gas prices increased by more than 50% in 2021 compared to 2020 due to rising post-pandemic and weather-related demand and declines in production. Therefore, the Authority is experiencing operating expenses that are higher than budgeted due to being subject to inflated natural gas and purchase power pricing on all unhedged volumes. In addition, the Authority is currently charging most customers based on the Settlement Rates defined in the Cook Settlement Agreement, which does not include an adjustment mechanism based on the Authority's actual cost of fuel. The extent of these cost increases has yet to be determined; however, the Authority continues to monitor weather conditions and evaluate options to mitigate the impact on stockpiles, costs and revenues in 2022.

LEGISLATIVE MATTERS

On June 8, 2021, the General Assembly passed, and on June 15, 2021, the Governor signed into law Act 90 of 2021 (H.3194), which establishes reforms by amending the state laws applicable to the Authority. Act 90 of 2021, among other things, includes the following provisions:

- Act 135 Extension. Extended the expiration date (from May 31, 2021 to December 31, 2021) of Act 135, which established certain operational guidelines for the Authority. Although Act 135 was extended, Act 90 of 2021 removed the requirement in Act 135 that the ORS conduct monthly reviews of the Authority and further authorized the Authority to proceed with the plan for the closing of the Winyah Generating Station and to enter into financial transactions for, among other purposes, converting variable rate debt to fixed rate debt and obtaining lower interest rates on existing debts, provided that overall debt load may not be increased by any such transaction.

- Joint Bond Review Committee Approval ("JBRC") Requirements for Bonds and Real Estate Transfers. Requires the JBRC to approve, reject, or modify a proposed issuance by the Authority of its (1) bonds, (2) notes, or (3) other indebtedness, including any refinancing that does not achieve a savings in total debt service. The JBRC has determined that any refinancing transactions that are not typically utilized by the State will require its approval. Act 90 of 2021 provides that JBRC approval is not required for the issuance of short-term or revolving-credit debt for the management of the Authority's day-to-day operations and financing needs. If the JBRC does not approve, reject, or modify a request for approval of a proposed debt issuance within sixty days, the issuance is deemed approved. A proposed debt issuance that receives JBRC approval may be issued across multiple series and over a three-year period of time.

  With the exception of encroachment agreements, rights of way, or lease agreements made by the Authority for property within the Federal Energy Regulatory Project boundary, a transfer of any interest in real property by the Authority, regardless of the value of the transaction, requires approval, rejection, or modification by the JBRC and the Authority is required, by September first of each year, to provide an annual report to the JBRC regarding every transaction involving an interest in real property executed during the preceding twelve months.

- Changes to Retail Rates Process. Establishes a retail rate process ("Retail Rate Process") for the Authority requiring the Authority to (i) adopt and publish pricing principles that balance certain factors including, but not limited to, adherence to the Authority's mission to be a low-cost provider, reliability, transparency, preservation of financial integrity, equity among customer classes, gradualism in adjustments to its pricing and rate schedule type, adequate notice to customers, relief mechanisms for financially distressed customers, and review of compliance with bond covenants, and (ii) submit to the ORS for its review and comment any proposed rate adjustments presented to the Board for the Board's approval.

  Act 90 of 2021 also establishes procedures for challenges to rates and authorizes the Authority to place adjusted rates and charges into effect on an interim basis not exceeding 18 months if needed to avoid a default of its obligations and to ensure proper maintenance of its System. The South Carolina Supreme Courts may not substitute its judgment for the judgment of the Board as to questions of fact when reviewing rate adjustments approved by the Board pursuant to Act 90 of 2021 which have been authorized by law and the remedy for a successful rate challenge is a prospective adjustment of a new rate.

- Construction, Acquisition and Purchase Requirements. Imposes certain limitations and approval requirements on the Authority with respect to the construction, acquisition, and purchase of major utility facilities, including that the Authority may not enter into a contract for the acquisition of a major utility facility without the prior approval of the South Carolina Public Service Commission ("SCPSC"). In addition, the Authority is required to file for SCPSC approval of a program for the competitive procurement of energy, capacity, and environmental attributes from renewable energy facilities to meet needs for new generation resources identified by the Authority in its integrated resource plans or other planning processes. The Authority also may not enter into a contract for the purchase of power with a duration longer than ten years without approval of the SCPSC unless the transaction is either (i) subject to the exclusive jurisdiction of FERC or another federal agency or (ii) a purchase of renewable power through a SCPSC approved competitive procurement.

- Board of Directors Qualifications. Revises the terms and qualifications for membership on the Board, provides for two non-voting ex-officio members, establishes their duties and responsibilities, and provides that violations of such duties and responsibilities constitutes grounds for removal by the Governor. Act 90 of 2021 provides a transition to a new board over a four-year period, changes board terms from seven years to four years and creates a three-term limit. Act 90 of 2021 establishes new experience and educational requirements for board members and directs the appointing authority, the Governor, to consider diversity when making appointments. Two non-voting ex officio members, appointed by the Authority's largest customer Central, are added to the Board.

  Each Board member is required to discharge his duties, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Authority, which involves a balancing of, among other things, preservation of the financial integrity of the Authority and its operations, the interest of the Authority's residential, commercial and industrial retail customers in reliable, adequate, efficient, and safe service, at just and reasonable rates, regardless of customer class and the exercise of the powers of the Authority set forth in the Act in accordance with good business practices and the requirements of applicable licenses, laws, and regulations.

- Certain Compensation, Benefit and Severance Packages Subject to Review and Approval. Any compensation package, severance package, payment or other benefit conferred upon the Authority CEO or member of the Board of the Authority must first be reviewed and approved by the Agency Head Salary Commission of the State Fiscal Accountability Authority. Additionally, any employment contracts or retention contracts that last longer than five years, and all contract extensions, must be reviewed by the Agency Head Salary Commission. Any payment made or benefit given in violation of Act 90 of 2021 is subject to a claw-back of the payment or benefit in a legal action brought by the State Attorney General.

- Service Territory. Provides the process by which the Authority may enter into agreements with other electric suppliers on the reassignment of service areas.

- Authority and Jurisdiction of ORS, JBRC and SCPSC. Establishes the authority and jurisdiction of the ORS with respect to the Authority and sets forth certain on-going reporting and compliance requirements for the Authority, including filing of an integrated resource plan with the SCPSC, filing an annual report on transactions involving real property to the JBRC, and submission of books, records and other information requested by the ORS.

Act 90 of 2021 expressly states that the Retail Rate Process established by such Act does not limit or derogate from the State's covenants in Sections 58-31-30 and 58-31-360 of the Code of Laws of South Carolina 1976, as amended, not to impair, alter, limit or restrict the Authority's power to establish rates and charges sufficient to provide for payment of its expenses and debt service on its obligations, and those covenants are reaffirmed.

During the second half of 2021 and related to Act 90 of 2021, the Joint Bond Review Committee considered and approved several finance and real estate transactions of the Authority, the Agency Head Salary Commission approved a six-month contract extension and annual performance measures for Authority CEO Mark Bonsall, and the South Carolina Public Service Commission held an *ex parte* hearing related to its new regulatory authority over the Authority.

The Electric Market Reform Measures study committee established by Act 187 of 2020 met twice in 2021. This electric market study committee is made up of 8 legislators, 4 from the SC Senate and 4 from the SC House. The study committee is charged with analyzing whether South Carolina should consider any changes to its electric market structure. It is expected that this study committee will issue an interim report in 2022.

The South Carolina General Assembly adjourned its legislative session in December 2021. The General Assembly will finish its two-year legislative session in 2022.

CAPITAL IMPROVEMENT PROGRAM

The purpose of the capital improvement program is to continue to meet the energy and water needs of the Authority's customers with economical and reliable service. The Authority's three-year budget for the capital improvement program approved in 2021, 2020 and 2019 was as follows:

Approved in:		**2021**		2020		2019
		Budget 2022-24		Budget 2021-23		Budget 2020-22
Capital Improvement Expenditures				(Thousands)		
Environmental compliance [1]	**$**	**241,824**	$	167,622	$	147,633
New Load & Resource Plan [2]		**0**		0		72,018
General improvements and Other [3]		**723,266**		701,263		623,752
Totals	**$**	**965,090**	$	868,885	$	843,403

1 Environmental Compliance is composed of project costs associated with ash pond closures and solid waste landfill.
2 Reflects future generation and transmission cost associated with the current load and resource plan.
3 Budget 2021-2023 reflects acceleration of Advanced Metering Infrastructure and FERC relicensing costs. Other includes Camp Hall and Renewables.

As determined by the Authority, the capital improvement program will be funded from revenues, additional revenue obligations, commercial paper, internal funding sources and other short-term obligations.

SUMMER NUCLEAR UNITS 2 AND 3

Events Relative to Summer Nuclear Units 2 and 3

In January of 2008, the Authority approved a generation resource plan that included the development of two new 1,117 MW nuclear generating units (individually, "Summer Nuclear Unit 2" and "Summer Nuclear Unit 3" and together, "Summer Nuclear Units 2 and 3") at the V.C. Summer Nuclear Generating Station. Summer Nuclear Units 2 and 3 would be jointly-owned by the Authority (45% ownership interest) and, at the time, SCE&G (now known as Dominion) (55% ownership interest) (together, the "Owners").

In May of 2008, SCE&G, acting for itself and as agent for the Authority, entered into the EPC Agreement, with a contractor consortium consisting of Westinghouse and Stone & Webster, Inc. ("Stone & Webster" and together with Westinghouse, the "Consortium"), a wholly-owned subsidiary of Shaw. Under the EPC Agreement, the Consortium would supply, construct, test and start up Summer Nuclear Units 2 and 3, with guaranteed substantial completion dates of April 2016 for Summer Nuclear Unit 2 and January 2019 for Summer Nuclear Unit 3. In addition, Westinghouse's indirect parent company, Toshiba Corporation ("Toshiba"), provided a guaranty of Westinghouse's payment obligations under the EPC Agreement (the "Guaranty") and Stone & Webster's parent company, Shaw, likewise provided a guaranty of Stone & Webster's payment obligations under the EPC Agreement.

The cost of Summer Nuclear Units 2 and 3 was originally estimated to be approximately $9.8 billion. Based on its 45% ownership interest, the Authority's portion of the cost to construct Summer Nuclear Units 2 and 3 was approximately $4.4 billion. The Authority's funding sources for Summer Nuclear Units 2 and 3 consisted of the proceeds of Revenue Obligations issued pursuant to the Revenue Obligation Resolution between 2008 and 2016 and outstanding in the aggregate principal amount of $3.630 and $3.634 million as of December 31, 2021 and 2020, respectively.

During the course of construction, issues materialized that affected the budget and schedule for Summer Nuclear Units 2 and 3. In February of 2017, Toshiba Corporation announced a $6.3 billion write-down on the value of Westinghouse, stemming from its two U.S. nuclear construction projects, Summer Nuclear Units 2 and 3 and Units 3 and 4 at the Vogtle nuclear power plant located in Burke County, Georgia ("Vogtle Nuclear Units 3 and 4"). A month later, Westinghouse and 29 affiliated companies filed a petition pursuant to Chapter 11 of the Bankruptcy Code (the "Petition") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

After the filing of the Petition, the Owners, led by SCE&G, conducted a comprehensive analysis regarding the continued viability of Summer Nuclear Units 2 and 3. The analysis revealed that: (i) the costs to complete Summer Nuclear Units 2 and 3 (including labor costs) would be much higher than previously expected; and (ii) the construction schedule would take much longer than previously expected. In particular, (i) the Owners' analysis estimated that completion of Summer Nuclear Units 2 and 3 would be delayed until 2023 for Summer Nuclear Unit 2 and 2024 for Summer Nuclear Unit 3 and (ii) the new cost estimate for Summer Nuclear Units 2 and 3 was over $25 billion, placing the Authority's 45% share at $11.4 billion ($8 billion in construction costs and $3.4 billion in interest expense), an increase from the then-current projected cost of $6.2 billion.

The Owners also entered into negotiations with Toshiba for the purpose of acknowledging and defining Toshiba's obligations under the Guaranty and establishing a schedule for the full payment of such obligations to the Owners. As a result, in July of 2017, the Owners and Toshiba entered into a settlement agreement (the "Toshiba Settlement Agreement") which included, among other things Toshiba's agreement that it would pay the Guaranty obligation in the amount of $2.168 billion (the Authority's share (based on its 45% ownership interest) equaling $975.6 million)), in accordance with a payment schedule commencing in 2017 and continuing through 2022.

On July 31, 2017, the Authority approved the wind-down and suspension of construction of Summer Nuclear Units 2 and 3 and the preservation and protection of the site and related components and equipment. SCANA approved similar action on the same day. To date, the Authority had spent approximately $4.7 billion in construction and interest costs. Upon suspending construction, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund Summer Nuclear Units 2 and 3 as of July 31, 2017.

In early September of 2017, the Owners filed two proofs of claim in unliquidated amounts in connection with the Westinghouse bankruptcy proceeding. Later that month, the Owners and Citibank, N.A. ("Citibank") entered into an Assignment and Purchase Agreement (the "Assignment and Purchase Agreement"), pursuant to which the Owners sold and assigned rights to receive payment under the Toshiba Settlement Agreement and rights, duties and obligations arising under the two proofs of claim filed in the Westinghouse bankruptcy proceeding to Citibank, in exchange for a purchase price of $1,847,075,400 (the Authority's share (based on its 45% ownership interest) equaling $831,183,930). Excluded from the sale was the initial $150 million payment (the Authority's share (based on its 45% ownership interest) equaling $67.5 million) received by the Owners under the Toshiba Settlement Agreement.

In January of 2018, the Owners entered into Amendment No. 1 of the Toshiba Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement. These amendments had the effect of capping at $60 million the Owners' current obligation to reimburse Citibank for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3 (the Authority's share (based on its 45% ownership interest) equaling $27.0 million). To date, the Owners have not made any reimbursement payments to Citibank.

Also, in January, the State's Department of Revenue ("DOR") notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 and 3 had been assigned for a sales and use tax audit. During a meeting in February, the DOR took the position that, because Summer Nuclear Units 2 and 3 had been abandoned and the facility was not completed and would not produce electricity, the materials for Summer Nuclear Units 2 and 3 were not tax-exempt and sales tax payments were due on previously tax-exempt purchases. In May, the DOR issued a proposed notice of assessment in the amount of $421 million. The Authority has submitted a protest to the notice of proposed assessment and continues to dispute the position that sales taxes are due and owing. Pursuant to an agreement between the Authority and Dominion ancillary to the Cook Settlement, Dominion agreed to hold the Authority harmless for any potential liability associated with the Department of Revenue Matter.

In March of 2018, the Bankruptcy Court issued its order confirming Westinghouse's Chapter 11 plan of reorganization (the "Westinghouse Plan of Reorganization"). The Westinghouse Plan of Reorganization provided for the sale of Westinghouse to Brookfield Business Partners, L.P. ("Brookfield") for $4.6 billion, which occurred in August of 2018.

The Westinghouse Plan of Reorganization also provided for the payment of claims made by allowed general unsecured creditors in an amount equal to the lesser of: (i) their pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Under the Westinghouse Plan of Reorganization, creditors providing materials and services at the site of Summer Nuclear Units 2 and 3 were classified as Class 3A General Unsecured Creditors. In December of 2018, an initial distribution was made on behalf of the Westinghouse estate to Class 3A General Unsecured Creditors equaling approximately 25% of the allowed amount of each claim. Subsequently, a catch-up payment was made representing 75% of the allowed amount of each claim. Representatives of W. Wind Down Company, LLC, the entity responsible for paying the Westinghouse claims under the supervision of the Bankruptcy Court, has represented to the Owners that funds have been reserved to pay 100% of the presently disputed claims by the Class 3A General Unsecured Creditors. In the event that such disputed claims are not paid in full from the Westinghouse estate, the Class 3A General Unsecured Creditors could claim that the Authority is liable for payment under a mechanic's lien theory.

In June of 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation (MPD) Program to preserve the equipment relative to Summer Nuclear Units 2 and 3 for sale. The Authority contracted with Fluor to perform an assessment of the condition of the equipment and to implement an MPD Program to help protect its value. Fluor began this scope of work in July of that year. The Authority has since approved an extension of the MPD Program through the first quarter of 2022. The Authority has spent $15.8 million through December 2021 to preserve the equipment.

In January of 2019, SCANA and its subsidiaries, including SCE&G, merged with Dominion. Through the merger, SCANA became a wholly-owned subsidiary of Dominion.

On April 5, 2019, Westinghouse filed an adversary proceeding complaint in the United States Bankruptcy Court for the Southern District of New York against the Authority, claiming that it is the owner of and has title to certain equipment related to the construction of Summer Nuclear Units 2 and 3 pursuant to the EPC Agreement. The parties settled the matter on August 29, 2020.

Sale of Summer Nuclear Units 2 and 3 Assets

After suspending construction, the Authority sought additional project partners or financial support for Summer Nuclear Units 2 and 3. Finding none, the Authority looked to whether or not it could sell the fuel assets and non-fuel assets comprising Summer Nuclear Units 2 and 3 equipment and commodities. First, an evaluation was conducted in accordance with GASB 42 to determine whether the assets were impaired. With the exception of certain assets to be repurposed at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the assets were determined to be impaired because: (i) the decline in service utility of the assets was large in magnitude; (ii) the event or change in circumstance was outside the normal life cycle of the assets; and (iii) although Summer Nuclear Units 2 and 3 could be completed at some point in the future, the Authority had no near-term plans to do so. Next, the Authority set out to determine the fair value of the impaired assets.

Based on the results of a fair value determination of the assets, the write-off of the construction costs and fuel for Summer Nuclear Units 2 and 3 for the year ended December 31, 2017 totaled $4.211 billion. In January of 2018, the Authority approved the use of regulatory accounting for the $4.211 billion impairment write-off. The majority of Summer Nuclear Units 2 and 3 was financed with borrowed funds and for rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. Therefore, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the principal payments on the associated indebtedness.

In December of 2017, the Authority approved the use of regulatory accounting to defer a portion of post-suspension capitalized interest. With the cessation of capitalized interest and the timing of the suspension, the Authority would be unable to collect a portion of the post-suspension capitalized interest in its rates. Such post-suspension capitalized interest totaled $37.1 million as of December 31, 2017 and, like the $4.211 billion impairment write-off, is recorded as a regulatory asset and amortized through November 2056 in order to align with the principal payments on the debt used to pay the interest.

In December of 2017, the Authority also approved the use of regulatory accounting to defer the recognition of income from the Toshiba Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million with respect to the Toshiba Settlement Agreement as of December 31, 2017, to be amortized over time in order to align with the manner in which the settlement proceeds are used to reduce debt service payments.

In the event that the principal maturities of the indebtedness described above changed materially, the amortization will be adjusted to better align with the new maturities. As such, the $4.211 billion impairment write-off was adjusted to $3.697 billion as of December 31, 2021, to account for a decrease of $40.2 million for adjustments after year end 2017 and amortization of $473.8 million. The $898.2 million deferred inflow with respect to the Toshiba Settlement Agreement was similarly adjusted to $251.1 million to account for $13.8 million in interest income and amortization of $660.9 million.

The following table summarizes the nuclear-related regulatory items:

Regulatory Item	Classification	Original Amount	2018 - 2021 Amortization	2018 - 2021 Changes	2021 Ending Balance
Nuclear impairment	Asset	$ 4.211 billion	($ 473.8 million)	($40.2 million)	$ 3.697 billion
Nuclear post-suspension interest	Asset	$ 37.1 million			$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$898.2 million	($ 660.9 million)	$ 13.8 million	$251.1 million

Switchyard Assets. SCE&G and the Authority determined that certain transmission-related switchyard assets that were part of Summer Nuclear Units 2 and 3 (the "Switchyard Assets") were unimpaired. During 2018, SCE&G (now Dominion) and the Authority agreed that the ownership interest in the Switchyard Assets needed to be adjusted and began negotiating an agreement to adjust the percentages and true-up the charges. In June of 2019, Dominion and the Authority entered into a Bill of Sale setting the amount of the true-up payment for the Switchyard Assets at $2,675,911. Dominion made this payment to the Authority in September 2019.

Forbearance Agreement. In December of 2018, SCE&G and the Authority executed a Forbearance Agreement (the "Forbearance Agreement") for the purpose of facilitating the possible domestic and international sales of equipment, commodities and plant components relative to Summer Nuclear Units 2 and 3. Pursuant to the Forbearance Agreement, SCE&G reaffirmed its irrevocable waiver of any and all rights in certain assets (the "Forbearance Assets") consisting of Summer Nuclear Units 2 and 3; ancillary facilities; intellectual property; equipment and materials on-site and off-site including, without limitation, assets, materials and equipment that are affixed to the real property at the site but are capable of being removed. Excluded from the Forbearance Assets were the underlying real property; certain specifically-identified assets excluded from the abandonment of Summer Nuclear Units 2 and 3 prior to December 31, 2017; substation and switchyard assets; the old New Nuclear Deployment (NND) building and nuclear fuel. Under the Forbearance Agreement, Dominion had thirty (30) days from the execution date to: (i) seek approval of the Forbearance Agreement from the PSC and (ii) take reasonable efforts to obtain the release of any security interest or mortgage attached to the Forbearance Assets. In March of 2019, (i) the PSC approved the Forbearance Agreement and (ii) Dominion provided the Authority with a fully-executed release.

Sales of Summer Nuclear Units 2 and 3 Assets. During calendar years 2018 - 2021, the Authority sold certain equipment and commodities to third parties. Through December 31, 2021, $35.8 million of materials have been sold.

In accordance with the settlement agreement reached between Westinghouse Electric Company, LLC ("WEC") and the Authority in August 2020 (the Westinghouse Settlement Agreement"), the Authority owns all of the non-nuclear equipment and that proceeds from sales of nuclear-related equipment will be split between WEC and the Authority as provided in the Westinghouse Settlement Agreement as follows:

(1) Major non-installed nuclear equipment, 50% Authority and 50% WEC;
(2) Major installed nuclear equipment, 90% Authority and 10% WEC;
(3) Any other equipment that could be used in nuclear projects, 67% to the Authority and 33% to WEC.

In late 2020, the Authority entered into agreements with three outside entities to assist with the sale of surplus nuclear assets associated with Summer Nuclear Units 2 & 3. These assets are categorized as "subject" and "other" equipment, pursuant to the agreement with WEC. Following the first agreement, WEC will be solely responsible for marketing and sales of "subject" equipment. A second agreement was entered into with a large-scale utility, currently in the construction phase of two similar AP-1000 units. This agreement allows sales of "other" assets directly to the large-scale utility from the Authority. The third agreement is between the Authority and a global industrial sales company, specializing in investment recovery for surplus assets, to market and sell "other" equipment. Direct sales of "other" equipment to the large-scale utility are excluded from the agreement with the industrial sales company. In all three agreements, the Authority maintains approval privileges to all sales.

The Authority currently expects to use amounts received from the proceeds from the sale of nuclear-related equipment to pay down a portion of its outstanding debt.

FINANCING ACTIVITIES

In 2021, Santee Cooper took advantage of the low interest rate environment. Santee Cooper priced its 2021A and 2021B Revenue Obligation transaction on August 25 and closed on September 2, 2021. This transaction totaled $430.3 million in Revenue Obligation Bonds which consisted of $145.7 million 2021 Tax-Exempt Refunding Series A and $284.6 million 2021 Tax-Exempt Improvement Series B. The 2021A Bonds mature in the years 2022 – 2036 and the 2021B Bonds mature in the years 2022 – 2051. The 2021A proceeds refunded $174.4 million of bonds.

Approximately $189 million of these new money proceeds was used to pay down commercial paper and direct purchase loans issued for capital projects expenditures from April 2019 through July 31, 2021. The remaining proceeds will be used for future capital expenditures through February 2023. This transaction produced approximately $57.0 million in cash flow savings and $50.0 million in net present value debt service savings.

LIQUIDITY AND CAPITAL RESOURCES

The Authority has significant cash flow from operating activities, access to capital markets, bank facilities and special funds deposit balances.

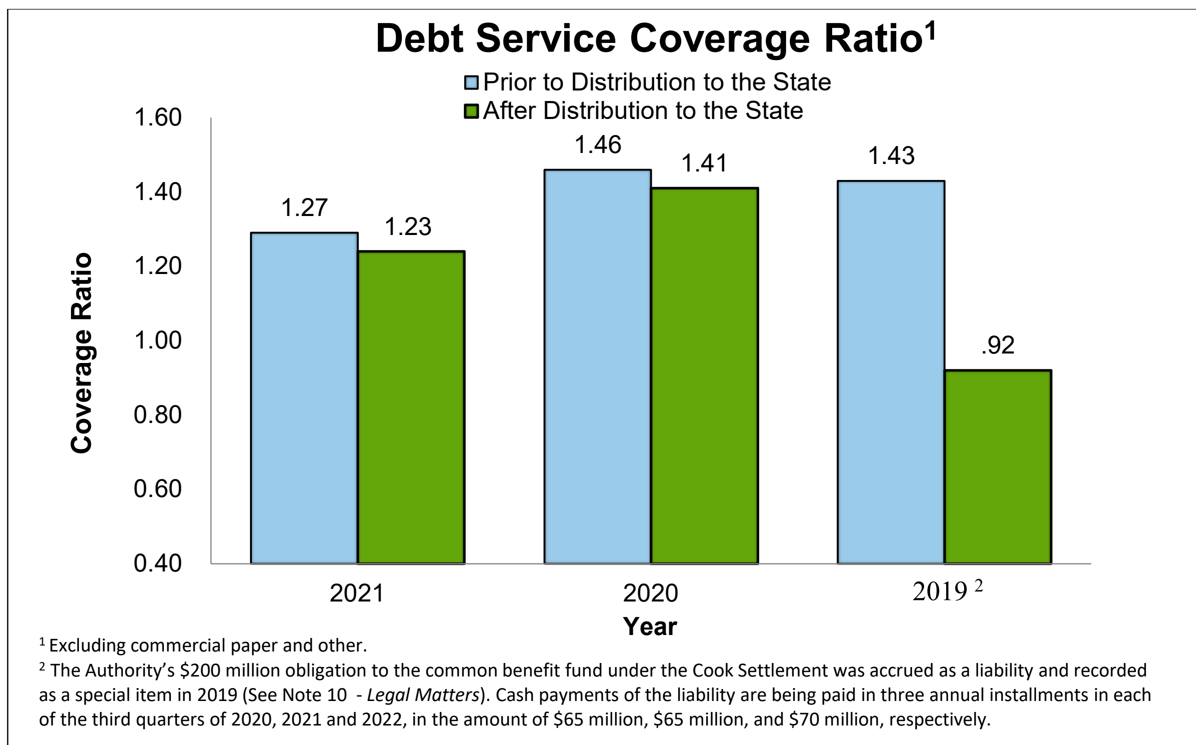
At December 31, 2021, the Authority had $974.6 million of cash and investments, of which $603.1 million was available for liquidity purposes to fund various operating, construction, debt service and contingency requirements. Balances in the decommissioning funds totaled $244.9 million.

The Authority has entered into a Reimbursement Agreement and secured an irrevocable direct-pay letter of credit with Barclays Bank PLC to support the issuance of commercial paper notes totaling $300.0 million as of December 31, 2021. As of December 31, 2021, the Authority had $120.8 million of commercial paper notes outstanding.

To obtain other funds, if needed, the Authority has entered into Revolving Credit Agreements with Bank of America N.A., TD Bank, N.A., and JP Morgan Chase Bank, N.A. These agreements allow the Authority to borrow up to a total of $500.0 million and expire at various dates. At December 31, 2021, the Authority had borrowings totaling $22.2 million outstanding under the Direct Purchase Revolving Credit Agreements.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (excluding commercial paper and other) for the years ended December 31, 2021, 2020 and 2019 is shown below:



BOND RATINGS

Bond ratings assigned by various agencies as of December 31, 2021, 2020 and 2019 were as follows:

Agency / Lien Level	**2021**	2020	2019
Fitch Ratings			
Revenue Obligations	**A-**	A-	A-
Commercial Paper[1]	**F1**	F1	F1+
Outlook	**Stable**	Stable	Negative
Moody's Investors Service, Inc.			
Revenue Obligations	**A2**	A2	A2
Commercial Paper[1]	**F1**	P-1	P-1
Outlook	**Stable**	Stable	Negative
Standard & Poor's Rating Services			
Revenue Obligations	**A**	A	A+
Commercial Paper[1]	**A-1**	A-1	A-1
Outlook	**Stable**	Negative	Negative

[1] In 2020, the Authority entered into Direct Pay Letters of Credit issued by Barclay's Bank, PLC various banks supporting the commercial paper program. The banks issuing the Letters of Credit have various ratings assigned by the rating agencies.

BOND MARKET TRANSACTIONS FOR YEARS 2021, 2020 AND 2019

YEAR 2021

Revenue Obligations:	**2021 Tax-Exempt Refunding Series A**	**Par Amount:**	$	145,735,000
Purpose:	Refund all the 2011 Refunding Series C and a portion of the 2012 Refunding Series A	**Date Closed:**		September 2, 2021
Comments:	Tax-exempt bond with an all-in true interest cost of 2.10 percent.			
Revenue Obligations:	**2021 Tax-Exempt Improvement Series B**	**Par Amount:**	$	284,555,000
Purpose:	To finance a portion of the Authority's ongoing capital program and convert variable debt to fixed-rate debt at a low interest rate	**Date Closed:**		September 2, 2021
Comments:	Tax-exempt bond with an all-in true interest cost 2.93 percent			

YEAR 2020

Revenue Obligations:	2020 Tax-Exempt Refunding and Improvement Series A	Par Amount:	$	338,480,000
Purpose:	To finance a portion of the Authority's ongoing capital program, refund all of the 2010 Refunding Series B and refund a portion a portion of the following: 2009 Refunding Series A, 2014 Refunding Series C, 2016 Refunding Series A, 2016 Series B	Date Closed:		November 5, 2020
Comments:	Tax-exempt bond with an all-in true interest cost of 3.03 percent.			
Revenue Obligations:	2020 Taxable Refunding Series B	Par Amount:	$	299,725,000
Purpose:	Refund a portion of the following: 2012 Refunding Series A & 2012 Series D	Date Closed:		November 5, 2020
Comments:	Taxable bond with an all-in true interest cost of 2.51 percent			

YEAR 2019

Variable Rate Revenue Obligations:	2019 Tax-Exempt Refunding Series A	Par Amount:	$	163,005,000
Purpose:	Refund all 2004 Series M through 2016 Series M1 Current Interest-Bearing Bonds and Capital Appreciation Bonds.	Date Closed:		November 21, 2019
Comments:	Tax-exempt bonds that will bear interest at weekly rates.			

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the South Carolina Public Service Authority's finances for all those with an interest in the South Carolina Public Service Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Daniel T. Manes, Controller, South Carolina Public Service Authority, P.O. Box 2946101, Moncks Corner, SC 29461-6106.

Statements of Net Position - Business - Type Activities

South Carolina Public Service Authority
As of December 31, 2021 and 2020

		2021		2020
		(Thousands)		
ASSETS				
Current assets				
Unrestricted cash and cash equivalents	**$**	**299,487**	$	252,782
Unrestricted investments		**303,625**		189,211
Restricted cash and cash equivalents		**36,630**		58,500
Restricted investments		**182,343**		113,772
Receivables, net of allowance for doubtful accounts of $2,560 and $2,382 at December 31, 2021 and 2020, respectively		**175,810**		210,163
Materials inventory		**152,950**		151,503
Fuel inventory				
Fossil fuels		**54,011**		74,680
Nuclear fuel - net		**105,747**		108,340
Interest receivable		**1,344**		1,426
Regulatory assets - nuclear		**36,482**		6,497
Prepaid expenses and other current assets		**52,119**		28,475
Total current assets		**1,400,548**		1,195,349
Noncurrent assets				
Restricted cash and cash equivalents		**269**		803
Restricted investments		**152,254**		154,077
Capital assets				
Utility plant		**8,800,734**		8,572,695
Long lived assets - asset retirement cost		**266,981**		269,662
Accumulated depreciation		**(4,422,072)**		(4,252,077)
Total utility plant - net		**4,645,643**		4,590,280
Construction work in progress		**331,065**		447,309
Other physical property - net		**26,492**		27,636
Investment in associated companies		**21,956**		9,501
Costs to be recovered from future revenue		**222,986**		219,840
Regulatory asset - OPEB		**152,497**		152,497
Regulatory assets - nuclear		**3,697,704**		3,734,186
Other noncurrent and regulatory assets		**189,320**		124,247
Total noncurrent assets		**9,440,186**		9,460,376
Total assets	**$**	**10,840,734**	$	10,655,725
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows – pension	**$**	**53,010**	$	43,199
Deferred outflow - OPEB		**49,090**		42,276
Regulatory asset-asset retirement obligation		**672,804**		691,641
Accumulated decrease in fair value of hedging derivatives		**11,264**		18,634
Unamortized loss on refunded and defeased debt		**86,398**		99,969
Total deferred outflows of resources	**$**	**872,566**	$	895,719
Total assets & deferred outflows of resources	**$**	**11,713,300**	$	11,551,444

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

Statements of Net Position - Business - Type Activities (continued)

South Carolina Public Service Authority
As of December 31, 2021 and 2020

	2021	2020
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long - term debt	**$ 107,791**	$ 104,575
Accrued interest on long - term debt	**38,324**	37,919
Revolving credit agreement	**3,211**	26,100
Commercial paper	**120,832**	171,251
Accounts payable	**187,979**	137,452
Other current liabilities	**213,750**	137,631
Total current liabilities	**671,887**	614,928
Noncurrent liabilities		
Construction liabilities	**2,286**	2,963
Net OPEB liability	**189,328**	176,109
Net pension liability	**294,504**	344,795
Asset retirement obligation liability	**669,419**	694,236
Total long-term debt (net of current portion)	**6,554,026**	6,514,572
Unamortized debt discounts and premiums	**407,565**	342,705
Long-term debt-net	**6,961,591**	6,857,277
Other credits and noncurrent liabilities	**85,362**	161,302
Total noncurrent liabilities	**8,202,490**	8,236,682
Total liabilities	**$ 8,874,377**	$ 8,851,610
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	**$ 75,525**	$ 27,004
Deferred inflow - OPEB	**9,388**	14,129
Accumulated increase in fair value of hedging derivatives	**118,208**	14,767
Nuclear decommissioning costs	**245,933**	247,903
Regulatory inflows – Toshiba settlement	**251,089**	296,380
Total deferred inflows of resources	**$ 700,143**	$ 600,183
NET POSITION		
Net investment in capital assets	**$ 2,010,384**	$ 2,090,633
Restricted for debt service	**9,214**	12,107
Restricted for capital projects	**0**	119
Unrestricted (deficit)	**119,182**	(3,208)
Total net position	**$ 2,138,780**	$ 2,099,651
Total liabilities, deferred inflows of resources & net position	**$ 11,713,300**	$ 11,551,444

Statements of Revenues, Expenses and Changes in Net Position - Business - Type Activities
South Carolina Public Service Authority
Years Ended December 31, 2021 and 2020

		2021		2020
		(Thousands)		
Operating revenues				
Sale of electricity	**$**	**1,740,759**	$	1,602,348
Sale of water		**8,705**		9,075
Other operating revenue		**16,321**		16,004
Total operating revenues		**1,765,785**		1,627,427
Operating expenses				
Electric operating expenses				
Production		**156,700**		150,203
Fuel		**466,191**		426,323
Purchased and interchanged power		**303,924**		171,313
Transmission		**32,279**		30,027
Distribution		**11,606**		11,096
Customer accounts		**16,248**		15,651
Sales		**1,655**		6,400
Administrative and general		**81,126**		95,791
Electric maintenance expenses		**158,308**		102,487
Water operating expenses		**3,726**		3,798
Water maintenance expenses		**918**		899
Total operating and maintenance expenses		**1,232,681**		1,013,988
Depreciation		**259,075**		244,992
Sums in lieu of taxes		**4,530**		4,703
Total operating expenses		**1,496,286**		1,263,683
Operating income		**269,499**		363,744
Nonoperating revenues (expenses)				
Interest and investment revenue		**2,075**		3,216
Net increase (decrease) in the fair value of investments		**(1,558)**		148
Interest expense on long-term debt		**(313,175)**		(321,682)
Interest expense on commercial paper and other		**(6,306)**		(7,295)
Amortization income		**14,535**		9,385
Costs to be recovered from future revenue		**3,146**		(54,431)
U.S. Treasury subsidy on Build America Bonds		**7,703**		7,652
Regulatory Amortization - net		**45,331**		27,429
Other - net		**35,014**		23,888
Total nonoperating revenues (expenses)		**(213,235)**		(311,690)
Income before transfers		**56,264**		52,054
Transfers				
Distribution to the State		**(17,135)**		(17,479)
Change in net position		**39,129**		34,575
Net position – beginning of period		**2,099,651**		2,065,076
Total net position – ending	**$**	**2,138,780**	$	2,099,651

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

This Page Intentionally Left Blank

Statements of Cash Flows - Business - Type Activities

South Carolina Public Service Authority
Years Ended December 31, 2021 and 2020

	2021	2020
		(Thousands)
Cash flows from operating activities		
Receipts from customers	$ **1,799,960**	$ 1,618,250
Payments to non - fuel suppliers	**(395,367)**	(629,184)
Payments for fuel	**(455,810)**	(419,359)
Purchased power	**(303,921)**	(171,313)
Payments to employees	**(171,483)**	(195,941)
Other receipts-net	**196,624**	384,725
Net cash provided by operating activities	**670,003**	587,178
Cash flows from non-capital related financing activities		
Distribution to the State	**(17,135)**	(17,479)
Repayment of revolving credit agreement draw	**0**	(35,766)
Proceeds from issuance of commercial paper notes	**500**	0
Repayment of commercial paper notes	**(16,392)**	(12,283)
Refunding/defeasance of long-term debt	**0**	(569,555)
Proceeds from sale of bonds	**0**	342,879
Repayment of long - term debt	**(6,644)**	(130)
Interest paid on long - term debt	**(186,670)**	(185,684)
Interest paid on commercial paper and other	**(1,294)**	(3,610)
Bond issuance and other related costs	**(814)**	(10,553)
Net cash used in non-capital related financing activities	**(228,449)**	(492,181)
Cash flows from capital-related financing activities		
Proceeds from revolving credit agreement draw	**0**	175,100
Repayment of revolving credit agreement draw	**(22,889)**	(138,500)
Proceeds from issuance of commercial paper notes	**65,160**	63,636
Repayment of commercial paper notes	**(99,687)**	(22,453)
Refunding/defeasance of long-term debt	**(282,925)**	(57,315)
Proceeds from sale of bonds	**430,290**	295,326
Repayment of long-term debt	**(98,051)**	(89,155)
Interest paid on long-term debt	**(123,949)**	(128,655)
Interest paid on commercial paper and other	**(4,858)**	(4,586)
Construction and betterments of utility plant	**(204,506)**	(151,370)
Bond issuance and other related costs	**91,384**	34,634
Other-net	**7,378**	(3,046)
Net cash used in capital related financing activities	**(242,653)**	(26,384)
Cash flows from investing activities		
Proceeds from the sale and maturity of investment securities	**973,410**	950,123
Purchase of investment securities	**(1,154,572)**	(1,075,102)
Unrealized gains (losses) on investments	**1,558**	(148)
Interest on investments	**5,004**	2,851
Net cash used in investing activities	**(174,600)**	(122,276)
Net increase (decrease) in cash and cash equivalents	**24,301**	(53,663)
Cash and cash equivalents - beginning	**312,085**	365,748
Cash and cash equivalents - ending	$ **336,386**	$ 312,085

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

Statements of Cash Flows - Business - Type Activities (continued)

South Carolina Public Service Authority

Years Ended December 31, 2021 and 2020

		2021		2020
		(Thousands)		
Reconciliation of operating income to net cash provided by operating activities				
Operating income	**$**	**269,499**	$	363,744
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation		**259,075**		244,992
Amortization of nuclear fuel		**16,445**		20,245
Regulatory amortization – net		**45,331**		27,429
Cost to be recovered from future revenue		**3,146**		(54,431)
Amortization of debt discount and expense		**(23,926)**		(23,530)
Amortization of loss on reacquired debt		**9,360**		14,099
Net power losses involving associated companies		**(81,001)**		(32,440)
Distributions from associated companies		**82,860**		27,873
Advances to/from associated companies		**14,253**		(2,651)
Other income and expenses		**21,110**		34,788
Changes in assets and liabilities				
Accounts receivable - net		**34,353**		(9,126)
Inventories		**19,222**		50,417
Prepaid expenses		**(24,693)**		47,884
Other deferred debits		**(92,152)**		25,001
Cost to be recovered from future income		**(3,146)**		54,431
Unamortized loss on refunded and defeased debt		**(9,360)**		(14,099)
Accounts payable		**54,617**		(18,594)
Other current liabilities		**102,944**		(22,808)
Unamortized debt discounts and premiums		**23,926**		23,530
Other noncurrent liabilities		**(51,860)**		(169,576)
Net cash provided by operating activities	**$**	**670,003**	$	587,178
Composition of cash and cash equivalents				
Current				
Unrestricted cash and cash equivalents	**$**	**299,487**	$	252,782
Restricted cash and cash equivalents		**36,630**		58,500
Noncurrent				
Restricted cash and cash equivalents		**269**		803
Cash and cash equivalents at the end of the year	**$**	**336,386**	$	312,085
Noncash capital activities - Accounts Payable	**$**	**6,262**	$	10,352

Statements of Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority

As of December 31, 2021, and 2020

	2021		2020	
	(Thousands)			
ASSETS				
Cash and cash equivalents	$	**1,367**	$	841
Investments		**108,376**		102,900
Total current assets		**109,743**		103,741
Total assets	$	**109,743**	$	103,741
LIABILITIES				
Total liabilities	$	**0**	$	0
NET POSITION				
Restricted for other postemployment benefits (OPEB)	$	**109,743**	$	103,741
Total net position	$	**109,743**	$	103,741
Total liabilities & net position	$	**109,743**	$	103,741

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

Statements of Changes in Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority

Years Ended December 31, 2021 and 2020

		2021		2020
		(Thousands)		
ADDITIONS				
Employer contributions	**$**	**7,691**	$	10,571
Total employer contributions		**7,691**		10,571
Investment income (loss)				
Appreciation (depreciation) in fair value of investments		**(4,147)**		2,445
Interest		**2,458**		2,378
Net investment income (loss)		**(1,689)**		4,823
Total additions		**6,002**		15,394
DEDUCTIONS				
Total deductions		**0**		0
Change in net position		**6,002**		15,394
Net position - beginning of period		**103,741**		88,347
Total net position - ending	**$**	**109,743**	$	103,741

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

NOTES

Note 1 – Summary of Significant Accounting Policies

A - Reporting Entity - 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 (the "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, wholesale water, and broadband services 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 Authority's financial statements include the accounts of the electric system and the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions.

B - System of Accounts - 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 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.

C - Current and Noncurrent - 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.

D - Restricted Assets - For purposes of the Statements of Net Position and 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 or net investment in capital assets are classified as unrestricted.

E - Cash and Cash Equivalents - For purposes of the Statements of Net Position and 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.

F - Inventory - 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.

G - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest was capitalized in fiscal 2020 based on the interest rate applied through borrowings; interest was not capitalized in fiscal 2021 due to the adoption of GASB 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. Interest capitalized totaled $0 and $935,943 in 2021 and 2020, respectively. 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.

H - 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. In 2019, the Authority commissioned an independent party to perform a depreciation study to assist management in establishing appropriate composite depreciation rates. Based on the completed depreciation study, new depreciation rates were used for 2020 for assets, and those rates continued to be applicable in 2021. 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,	**2021**	2020
Annual average depreciation percentages	**3.0%**	3.0%

I - Retirement of Long Lived Assets - The Authority follows the guidance of GASB 83, *Certain Asset Retirement Obligations,* in regard to the decommissioning of V.C. Summer Nuclear Station ("Summer Nuclear Unit 1") and for closing coal-fired generation ash ponds. The requirements for both were recorded within capital assets on the accompanying Statements of Net Position.

Summer Nuclear Unit 1
As required by the Nuclear Regulatory Commission ("NRC") and in accordance with prudent utility practices, Santee Cooper systematically sets aside funds to provide for the eventual decommissioning of Summer Nuclear Unit 1. The annual decommissioning funding deposit amount is currently based on NRC requirements, estimated cost escalation and fund earnings rates, the results of a site-specific decommissioning study conducted by TLG Services, Inc. in 2019, estimated Department of Energy ("DOE") reimbursement of spent fuel energy storage costs and a SAFSTOR (delayed decommissioning) scenario. This site-specific study also forms the basis for the asset retirement obligation calculation presented in the table below. The estimated remaining useful life of Summer Nuclear Unit 1 is expected to end in 2062.

Ash Ponds
The Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, and gypsum. These wastes, known as Coal Combustion Residuals ("CCRs"), are exempt from hazardous waste regulation under the Resource Conservation and Recovery Act ("RCRA"). On April 17, 2015, EPA published the CCR Rule establishing comprehensive requirements for the management and disposal of CCRs. The Rule regulates CCRs as a RCRA Subtitle D, nonhazardous waste and had an effective date of October 19, 2015. The Authority continues to comply with the CCR Rule through groundwater monitoring, assessment of corrective measures and internet postings of CCR Rule reports. Long-term compliance plans to address groundwater include pond closures and utilization of Class 3 landfills at the Cross and Winyah Generating Stations for disposal of CCRs.

The Authority has ash ponds at Cross, Winyah, Jefferies Generating Stations and gypsum ponds at Cross and Winyah Generating Stations. Closure plans for the Jefferies Generating Station ash ponds and for the Winyah West Ash Pond have been approved by the Department of Health and Environmental Control ("DHEC") and closure is in progress, with regulatory deadlines of 2030. These ponds are currently not subject to the CCR Rule. However, CCR rulemakings changes could regulate inactive impoundments at closed facilities which could result in the Jefferies A ash pond and possibly the now closed Grainger ash ponds being subject to the CCR Rule. The Cross Bottom Ash Pond and the remaining ponds at the Winyah Generating Station (A Ash Pond, B Ash Pond, South Ash Pond and Unit 3 & 4 Slurry Pond) are subject to the CCR Rule's closure requirements and are subject to DHEC closure regulations. Plans are being developed and implemented to facilitate closure of the remaining ponds by the CCR Rule's regulatory deadlines. The ponds will be closed through excavation and beneficial use of materials or through disposal in the on-site industrial Class 3 solid waste landfills. Two additional ponds (Winyah Slurry Pond 2 and the Cross Gypsum Pond) are also subject to the CCR Rule and have already completed closure in accordance with DHEC's requirements. Volumetric calculations were conducted by the Authority to determine estimated volumes to be removed. Cost estimates were then applied to the volumes to estimate the asset retirement obligation as presented in the table below.

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,	**2021**			2020		
	Nuclear	**Ash Ponds**	**Total**	Nuclear	Ash Ponds	Total
			(Millions)			
Reconciliation of ARO Liability:						
Balance as of January 1,	**$ 427.5**	**$ 266.7**	**$ 694.2**	$ 437.5	$ 280.3	$ 717.8
Accretion expense	**12.0**	**(36.8)**	**(24.8)**	(10.0)	(13.6)	(23.6)
Balance as of December 31,	**$ 439.5**	**$ 229.9**	**$ 669.4**	$ 427.5	$ 266.7	$ 694.2
Asset Retirement Cost (ARC):	**$ 96.5**	**$ 170.4**	**$ 266.9**	$ 96.5	$ 173.1	$ 269.6
Regulatory Asset - ARO	**$ 444.7**	**$ 228.1**	**$ 672.8**	$ 426.8	$ 264.9	$ 691.7

J – Closure and Post Closure Care Costs - The Authority follows the guidance of GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*, in accounting for the closure and post-closure care costs associated with Cross and Winyah Generating Stations landfills (the "landfills"). State and federal laws and regulations require the Authority to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post-closure expenses at December 31, 2021 and 2020 were $11.9 million and $4.5 million, respectively, which are included as part of electric operating expenses, and represent a cumulative amount reported to date based on the use of 16% of the total permitted capacity of the Cross Landfill Area 1B and 63% of the total permitted capacity of the Winyah Landfill Area 1. The Authority will recognize the remaining estimated cost of closure and post-closure care for these landfill areas of $19.7 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2021. The landfill closure and post-closure care liabilities at December 31, 2021 and 2020 were $10.9 million and $4.5 million, respectively, after 2021 closure activity reduced the liability balance. Based on current fill rates, the Authority expects to close the existing Cross landfill cell in 2058. Future, already permitted landfill cells will be constructed, operated, and then closed on an on-going basis, as needed for the life of the plant. Based on current fill rates, the Authority expects to close the Winyah Landfill Area 1 in 2023. Future, already permitted landfill cells will be constructed, operated, and then closed once pond closure activities are complete and the Winyah units are retired. Thus, closure of the Winyah Landfill Area 2 is expected to be complete by 2035. Actual closure costs may be higher due to inflation, changes in technology, or changes in regulations.

In 2021, the Authority has met the requirements of a local government financial test that is one option under State and federal laws and regulations to help determine if a unit is financially able to meet closure and post closure care requirements.

K - Reporting Impairment Losses - The Authority follows the guidance of GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in determining if a capital asset has been impaired and the accounting treatment of such impairment. An impairment is a significant, unexpected decline in the service utility of a capital asset. Events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used should be reclassified from plant balances and CWIP to another asset category and reported at the lower of carrying value or fair value.

There were no new impairment losses for 2021 or 2020.

L- Other Regulatory Items - In accordance with GASB 62's guidance on regulated operations, regulated accounting rules may be applied to business type activities that have regulated operations if certain criteria are met. GASB 65, paragraph 29, further clarified regulatory accounting rules under GASB 62. Under regulatory accounting a regulated utility may defer recognition of expenses or revenues if certain criteria are met and the revenues and expenses will be included in future rates. Significant regulatory items are presented as follows:

Regulatory Assets - Summer Nuclear Units 2 and 3
On December 11, 2017, the Board approved the use of regulatory accounting for a portion of the nuclear post-suspension interest balance of $37.1 million. As of December 31, 2021, the balance remained the same and the amortization of the regulatory asset will not begin until 2022.

Based on a Board resolution dated January 22, 2018, the use of regulatory accounting was approved for costs incurred related to the impairment of Summer Nuclear Units 2 and 3. The Board gave approval to write-off the total asset balance of $4.205 billion and use regulatory accounting to align with the debt service collected in rates. Accordingly, $6.5 million and $0.8 million was amortized in 2021 and 2020, respectively. The remaining balance outstanding at December 31, 2021 was $3.697 billion.

Regulatory Liability – Toshiba Settlement Agreement.
The Board of Directors approved a resolution dated December 11, 2017, authorizing use of regulatory accounting to defer recognition of income from the Toshiba Settlement Agreement. As a result, the Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds. During 2021 and 2020 $45.3 million and $69.8 million, respectively was amortized. The remaining balance outstanding at December 31, 2021 was $251.1 million.

Unfunded OPEB Liability
On October 13, 2017, the Board approved the use of regulatory accounting to offset the initial unfunded OPEB liability resulting from implementation of GASB 75. As a result, the Authority recorded a regulatory asset of $165.2 million. The regulatory asset will be amortized to expense in accordance with a Level Dollar, 30-year closed amortization period funding schedule provided by the Actuary. The remaining balance outstanding at December 31, 2021 was $152.5 million.

M - Investment in Associated Companies - The Authority is a member of The Energy Authority ("TEA"). Approximate ownership interests in TEA as of December 31, 2021 and 2020 were as follows:

Years Ended December 31,	**2021**	2020
Owners	Ownership (%)	
City Utilities of Springfield (Missouri)	**5.88**	5.88
Gainesville Regional Utilities (Florida)	**5.88**	5.88
American Municipal Power (Ohio)	**17.65**	17.65
JEA (Florida)	**17.65**	17.65
MEAG Power (Georgia)	**17.65**	17.65
Nebraska Public Power District (Nebraska)	**17.65**	17.65
Santee Cooper (South Carolina)	**17.65**	17.65
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,		**2021**		2020
		(Thousands)		
TEA Investment:				
Balance as of January 1,	**$**	**9,422**	$	7,604
Reduction to power costs and				
increases in electric revenues		**95,272**		29,291
Less: Distributions from TEA		**82,860**		27,873
Less: Other (includes equity losses)		**0**		(400)
Balance as of December 31,	**$**	**21,834**	$	9,422
Due To/Due From TEA:				
Payable to	**$**	**66,037**	$	17,398
Receivable from	**$**	**11,735**	$	1,455

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. 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, 2021, the trade guarantees are an amount not to exceed Santee Cooper's share of approximately $51.6 million.

The Authority is also a member of TEA Solutions. TEA Solutions is a publicly supported non-profit corporation. Members and ownership interests in TEA Solutions as of December 31, 2021 and 2020 were as follows:

Years Ended December 31,	**2021**	2020
Owners	Ownership (%)	
American Municipal Power (Ohio)	**25.0**	25.0
JEA (Florida)	**25.0**	25.0
MEAG Power (Georgia)	**25.0**	25.0
Santee Cooper (South Carolina)	**25.0**	25.0
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, 2021 and 2020 was approximately $122,525 and $98,035, respectively.

N - Deferred Outflows / Deferred Inflows of Resources - In addition to assets, the 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 five items meeting this criterion: (1) deferred outflows – pension; (2) accumulated decrease in fair value of hedging derivatives; (3) unamortized loss on refunded and defeased debt; (4) deferred outflows – OPEB; and (5) deferred outflow – asset retirement obligation.

In addition to liabilities, the 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 five items meeting this criterion: (1) deferred inflows – pension; (2) accumulated increase in fair value of hedging derivatives; (3) nuclear decommissioning costs; (4) regulatory inflows - Toshiba settlement; and (5) deferred inflows – OPEB.
The following table summarizes the Authority's total deferred items:

Years Ended December 31,		**2021**		2020
		(Thousands)		
Deferred outflows of resources	**$**	**872,566**	$	895,719
Deferred inflows of resources	**$**	**700,143**	$	600,183

O - Accounting for Derivative Instruments - 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 Statements of Net Position). Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Core business commodity inputs for the Authority have historically been hedged in an effort to mitigate volatility and cost risk and improve cost effectiveness. Natural gas is a direct input and heating oil is used as a proxy for retail diesel fuel because it is used to power the coal trains. 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, 2021 and 2020 is below:

Cash Flow Hedges and Summary of Activity

Years Ended December 31,			**2021**		2020
	Account Classification		(Millions)		
Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**91.1**	$	(6.1)
Heating oil	Regulatory assets/liabilities		**15.9**		2.3
Changes in Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**97.2**	$	43.7
Heating oil	Regulatory assets/liabilities		**13.6**		2.3
Recognized Net Gains (Losses)					
Natural gas	Operating expense-fuel	**$**	**34.2**	$	(27.3)
Heating oil	Operating expense-fuel		**5.5**		(2.2)
Realized But Not Recognized Net Gains (Losses)					
Natural gas	Regulatory assets/liabilities	**$**	**2.8**	$	(2.1)
Heating oil	Regulatory assets/liabilities		**0.5**		0.1
Notional					
			MBTUs		
Natural gas			**138,912**		127,600
			Gallons (000s)		
Heating oil			**16,037**		21,672
Maturities					
Natural gas			**Jan 2022-Dec 2026**		Jan 2021-Dec 2024
Heating oil			**Jan 2022-Dec 2024**		Jan 2021-Dec 2024

P - Revenue Recognition and Fuel Costs - 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 $14.5 million in 2021 and $14.2 million in 2020.

Fuel costs are reflected in operating expenses as fuel is consumed. All customers are billed utilizing rates and contracts that include fuel cost recovery components. Currently most industrial, municipal, and retail fuel adjustments are under the rate freeze schedules. Once the rate freeze is completed, most fuel adjustment provisions will be based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period. The fuel adjustment provisions are based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period.

Rates to Central are determined in accordance with the cost of service methodology contained in the Central Agreement. Under this agreement Central initially pays monthly based on estimated rates and actual loads. The charges are then adjusted to reflect actual costs and loads, on a monthly basis for fuel and an annual basis for all other costs, and Central is charged or credited with the difference.

The Authority and Central have resolved certain matters relating to the nuclear project through the execution of the Cook Settlement and continue to conduct business pursuant to the terms of the Settlement and the Coordination Agreement. Rates to Central and above provisions are impacted by Cook settlement (See Note 15 – *Cook Settlement as to Rates)***.**

Q- Bond Issuance Costs and Refunding Activity - GASB 65 requires that debt issuance costs, other than prepaid insurance, be expensed in the period incurred. In order to align the impact of this pronouncement 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.

Unamortized debt discounts and premiums 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.

R- Distribution to the State - 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 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 2021 and 2020 totaled approximately $17.1 million and $17.5 million, respectively.

S - New Accounting Standards –

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 87	**Leases**	Under review
Issue Date: June 2017	Effective for Periods Beginning After: June 15, 2021	
Description:	The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.	

Statement No. GASB 89	**Accounting for Interest Cost Incurred before the End of a Construction Period**	Implemented in 2021
Issue Date: June 2018	Effective for Periods Beginning After: December 15, 2020	
Description:	The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund . This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.	
Statement No. GASB 91	**Conduit Debt Obligations**	Under review
Issue Date: May 2019	Effective for Periods Beginning After: December 15, 2021	
Description:	The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.	
Statement No. GASB 92	**Omnibus 2020**	
Issue Date: January 2020	Effective for periods beginning after June 15, 2021	Under Review
Description:	The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to Statement No. 87, post-employment benefits (pensions and other postemployment benefits [OPEB]), Statement No. 73, Statement No. 84, asset retirement obligations, reporting of public entity risk pools, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and terminology used to refer to derivative instruments.	

Statement No. GASB 93	**Replacement of Interbank Offered Rates**	Under Review
Issue Date: March 2020	Effective for periods beginning after June 15, 2021	
Description:	Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. .	
Statement No. GASB 94	**Public-Private and Public-Public Partnerships and Availability Payment Arrangements**	Under Review
Issue Date: March 2020	Effective for periods beginning after June 15, 2022	
Description:	The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.	
Statement No. GASB 96	**Subscription-Based Information Technology Arrangements**	Under Review
Issue Date: May 2020 **Description:**	Effective for periods beginning after June 15, 2022 This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.	
Statement No. GASB 97	**Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32**	Under Review
Issue Date: June 2020	Effective for periods beginning after June 15, 2021	
Description:	The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.	

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

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,	**2021**	2020[1]
	(Millions)	
CTBR regulatory asset:		
Balance	**$ 222.9**	$ 219.8
CTBR expense/(reduction to expense):		
Net expense	**$ (3.1)**	$ 54.4

[1] A true-up was made in 2020 to revise a prior year CTBR depreciation rate resulting in an entry to decrease the CTBR asset $58.1 million and increase the CTBR expense the same amount.

Note 3 – Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020 was as follows:

	Beginning Balances	**Increases**	**Decreases**	**Ending Balances**
		Year 2021 (Thousands)		
Utility plant	**$ 8,572,695**	**$ 304,784**	**$ (76,745)**	**$ 8,800,734**
Long lived assets-asset retirement cost	**269,662**	**0**	**(2,681)**	**266,981**
Accumulated depreciation	**(4,252,077)**	**(263,346)**	**93,351**	**(4,422,072)**
Total utility plant-net	**4,590,280**	**41,438**	**13,925**	**4,645,643**
Construction work in progress	**447,309**	**188,546**	**(304,790)**	**331,065**
Other physical property-net	**27,636**	**1,992**	**(3,136)**	**26,492**
Totals	**$ 5,065,225**	**$ 231,976**	**$ (294,001)**	**$ 5,003,200**

	Beginning Balances	Increases	Decreases	Ending Balances
		Year 2020 (Thousands)		
Utility plant	$ 8,380,775	$ 225,541	$ (33,621)	$ 8,572,695
Long lived assets-asset retirement cost	265,116	4,546	0	269,662
Accumulated depreciation	(4,055,811)	(248,736)	52,470	(4,252,077)
Total utility plant-net	4,590,080	(18,649)	18,849	4,590,280
Construction work in progress	502,651	175,726	(231,068)	447,309
Other physical property-net	27,662	214	(240)	27,636
Totals	$ 5,120,393	$ 157,291	$ (212,459)	$ 5,065,225

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, 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,	**2021**			2020		
Funds	**Cash & Cash Equivalents**	**Investments**	**Total**	Cash & Cash Equivalents	Investments	Total
			(Thousands)			
Current Unrestricted:						
Capital Improvement	**$ 68,412**	**$ 34,544**	**$ 102,956**	$ 82,571	$ 41,283	$ 123,854
Debt Reduction	**6,123**	**89,490**	**95,613**	4,215	-	4,215
Funds from Taxable Borrowings	**15,655**	**-**	**15,655**	2,691	-	2,691
General Improvement	**9**	**-**	**9**	11	-	11
Internal Nuclear Decommissioning Fund	**268**	**92,144**	**92,412**	311	91,636	91,947
Nuclear Fuel	**9,408**	**4,000**	**13,408**	1,475	4,003	5,478
Revenue and Operating	**135,544**	**4,248**	**139,792**	110,096	-	110,096
Contingency / Sub-Revenue	**39,817**	**30,160**	**69,977**	25,015	9,997	35,012
Special Reserve	**24,251**	**49,039**	**73,290**	26,397	42,292	68,689
Total	**$ 299,487**	**$ 303,625**	**$ 603,112**	$ 252,782	$ 189,211	$ 441,993
Current Restricted:						
Debt Service Funds	**15,009**	**32,529**	**47,538**	20,161	29,865	50,026
Funds from Tax-exempt Borrowings	**18,721**	**127,504**	**146,225**	35,315	69,154	104,469
Special Reserve and Other	**2,900**	**22,310**	**25,210**	3,024	14,753	17,777
Total	**$ 36,630**	**$ 182,343**	**$ 218,973**	$ 58,500	$ 113,772	$ 172,272
Noncurrent Restricted:						
External Nuclear Decommissioning Trust	**$ 269**	**$ 152,254**	**$ 152,523**	$ 803	$ 154,077	$ 154,880
Total	**$ 269**	**$ 152,254**	**$ 152,523**	$ 803	$ 154,077	$ 154,880
TOTAL FUNDS	**$ 336,386**	**$ 638,222**	**$ 974,608**	$ 312,085	$ 457,060	$ 769,145
Cash and investments as of December 31, consisted of the following:						
Cash/Deposits			**$ 88,312**			$ 83,037
Investments			**886,296**			686,108
Total cash and investments			**$ 974,608**			$ 769,145

Current Unrestricted Funds - 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 and separately held 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.

Current Restricted Funds - 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.

Noncurrent Restricted Funds - 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. Certificates of Deposit and Repurchase Agreements are also authorized with a maximum maturity of one year.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the gains and losses in fair value are reflected as a component of non-operating income in the 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,	**2021**	2020
Total Portfolio	(Billions)	
Total investments	**$ 0.9**	$ 0.7
Purchases	**28.2**	20.6
Sales	**28.0**	20.6
Nuclear Decommissioning Portfolios	(Millions)	
Total investments	**$ 244.7**	$ 246.0
Purchases	**185.3**	340.6
Sales	**177.8**	340.6
Unrealized holding gain/(loss)	**(8.8)**	9.8
Repurchase Agreements[1]	(Millions)	
Balance at December 31	**$ 100.0**	$ 100.0

[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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020 were as follows:

Security Type / Issuer	Fair Value	
	2021	2020
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	**$ 119,766**	$ 113,353
Federal National Mortgage Association	**Less than 5%**	32,143
Federal Farm Credit Bank	**278,431**	160,425
Federal Home Loan Mortgage Corp	**Less than 5%**	Less than 5%

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 as of December 31, 2021 and 2020:

		Investment Maturities as of December 31, 2021			
Security Type	**Fair Value**	**Less than 1 Year**	**1 - 5**	**6 - 10**	**More than 10 Years**
		(Thousands)			
Collateralized Deposits	**$ 146,324**	**$ 146,074**	**$ 250**	**$ 0**	**$ 0**
Repurchase Agreements	**100,000**	**100,000**	**0**	**0**	**0**
Federal Agency Discount Notes	**104,432**	**104,432**	**0**	**0**	**0**
Federal Agency Securities	**347,174**	**97,576**	**65,241**	**70,697**	**113,660**
US Treasury Bills, Notes and Strips	**188,366**	**137,948**	**26,079**	**7,951**	**16,388**
	$ 886,268	**$ 586,030**	**$ 91,570**	**$ 78,648**	**$ 130,048**

		Investment Maturities as of December 31, 2020			
Security Type	Fair Value	Less than 1 Year	1 - 5	6 - 10	More than 10 Years
		(Thousands)			
Collateralized Deposits	$ 106,049	$ 106,049	$ 0	$ 0	$ 0
Repurchase Agreements	100,000	100,000	0	0	0
Federal Agency Discount Notes	46,368	44,369	1,999	0	0
Federal Agency Securities	299,454	38,811	64,544	25,932	170,167
US Treasury Bills, Notes and Strips	134,237	106,671	2,048	0	25,518
	$ 686,108	$ 395,900	$ 68,591	$ 25,932	$ 195,685

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the external Nuclear Decommissioning Trust and internal Nuclear Decommissioning Fund. Together these accounts hold $31.0 million par in U.S. Treasury Strips ranging in maturity from August 15, 2029 to May 15, 2039. The accounts also hold $17.2 million par in government agency zero coupon securities in the two portfolios ranging in maturity from January 15, 2021 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. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed prior to 2042. 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.
Fair Value of Investments	The Authority measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The Authority had the following recurring fair value measurements as of December 31, 2021 and 2020:

		Level		
2021	**Total**	**1**	**2**	**3**
		(Thousands)		
Collateralized Deposits	**$ 146,324**	**$ 0**	**$ 146,324**	**$ 0**
Repurchase Agreements	**100,000**	**0**	**100,000**	**0**
Federal Agency Discount Notes	**104,432**	**0**	**104,432**	**0**
Federal Agency Securities	**347,174**	**0**	**347,174**	**0**
US Treasury Bills, Notes and Strips	**188,366**	**0**	**188,366**	**0**
	$ 886,296	**$ 0**	**$ 886,296**	**$ 0**

		Level		
2020	Total	1	2	3
		(Thousands)		
Collateralized Deposits	$ 106,049	$ 0	$106,049	$ 0
Repurchase Agreements	100,000	0	100,000	0
Federal Agency Discount Notes	46,368	0	46,368	0
Federal Agency Securities	299,454	0	299,454	0
US Treasury Bills, Notes and Strips	134,237	0	134,237	0
	$ 686,108	$ 0	$686,108	$ 0

Collateralized Deposit and Repurchase Agreements classified in Level 2 are valued using pricing based on the securities' relationship to benchmark quoted prices.

Fiduciary Funds – 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. In 2018 with the implementation of GASB 75, the Authority established a formal funding plan and elected to fund the OPEB obligation over a 30-year closed period. This method of funding will result in a lower OPEB liability and establishes a method of writing off the regulatory asset as funding occurs.

For the OPEB Trust, the 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, 2021 and 2020, all of the agency securities held by the OPEB Trust 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, 2021 and 2020, all of the OPEB Trust's investment securities are held by the Trustee or Agent of the OPEB Trust 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, 2021 and 2020, the OPEB Trust 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 OPEB Trust investments at December 31, 2021 and 2020 were as follows:

Security Type / Issuer	Fair Value 2021	Fair Value 2020
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	**$ 23,122**	$ 22,933
Federal National Mortgage Association	**Less than 5%**	Less than 5%
Federal Farm Credit Bank	**38,359**	31,676
Federal Home Loan Mortgage Corp	**18,116**	17,483

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 following table shows the distribution of the OPEB Trust's investments by maturity as of December 31, 2021 and 2020:

		Investment Maturities as of December 31, 2021			
Security Type	**Fair Value**	**Less than 1 Year**	**1 - 5**	**6 - 10**	**More than 10 Years**
		(Thousands)			
Federal Agency Securities	**81,655**	**0**	**0**	**0**	**81,655**
Government Securities	**26,721**	**0**	**0**	**0**	**26,721**
	$ 108,376	**$ 0**	**$ 0**	**$ 0**	**$ 108,376**

		Investment Maturities as of December 31, 2020			
Security Type	Fair Value	Less than 1 Year	1 - 5	6 - 10	More than 10 Years
		(Thousands)			
Federal Agency Securities	74,299	0	0	0	74,299
Government Securities	28,601	0	0	0	28,601
	$ 102,900	$ 0	$ 0	$ 0	$ 102,900

Risk Type	Exposure
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 OPEB Trust is not authorized to invest in foreign currency and therefore has no exposure.

Fair Value of Investments

The Authority measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The OPEB Trust had the following recurring fair value measurements as of December 31, 2021 and 2020:

		Level		
2021	**Total**	**1**	**2**	**3**
		(Thousands)		
Federal Agency Securities	**81,655**	**0**	**81,655**	**0**
Government Securities	**26,721**	**0**	**26,721**	**0**
	$ 108,376	**$ 0**	**$ 108,376**	**$ 0**

		Level		
2020	Total	1	2	3
		(Thousands)		
Federal Agency Securities	74,299	0	74,299	0
Government Securities	28,601	0	28,601	0
	$ 102,900	$ 0	$102,900	$ 0

Note 5 – Long -Term Debt

Debt Outstanding

The Authority's long-term debt at December 31, 2021 and 2020 consisted of the following:

	2021	2020	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Revenue Obligations: (mature through 2056)				
2009 Tax-exempt Refunding Series A	**$ 0**	$ 1,405	4.00-5.00	100
2009 Taxable Series C	**1,830**	2,070	6.224	P&I Plus Make-Whole Premium
2009 Taxable Series F	**100,000**	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series C (Build America Bonds) (3)	**360,000**	360,000	6.454	P&I Plus Make-Whole Premium
2011 Refunding Series C	**0**	135,855	4.375-5.00	100
2012 Refunding Series A	**0**	39,355	3.00-5.00	100
2012 Taxable Series E	**230,460**	230,460	3.572-4.551	P&I Plus Make-Whole Premium
2013 Tax-exempt Series A	**152,655**	152,655	5.00-5.50	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 Tax-exempt Series E	**506,765**	506,765	5.00-5.50	100
2014 Tax-exempt Series A	**525,000**	525,000	5.00-5.50	100
2014 Tax-exempt Refunding Series B	**42,275**	42,275	5.00	100
2014 Tax-exempt Refunding Series C	**628,260**	646,605	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	**558,925**	558,925	3.00-5.00	100
2015 Tax-exempt Refunding Series B	**64,870**	64,870	5.00	Non-callable
2015 Tax-exempt Refunding Series C	**19,940**	94,535	5.00	Non-callable
2015 Taxable Series D	**169,657**	169,657	4.77	P&I Plus Make-Whole Premium
2015 Tax-exempt Series E	**300,000**	300,000	5.25	100
2016 Tax-exempt Refunding Series A	**465,210**	471,015	3.125-5.00	100
2016 Tax-exempt Refunding Series B	**408,705**	408,705	2.75-5.25	100
2016 Tax-exempt Refunding Series C	**52,400**	52,400	3.00-5.00	100
2016 Taxable Series D	**174,980**	174,980	2.380	P&I Plus Make-Whole Premium
2019 Tax-exempt Refunding Series A[4]	**143,200**	162,885	Variable Rate	100
2020 Tax-exempt Refunding Series A	**337,145**	338,480	3.00-5.00	100
2020 Taxable Refunding Series B	**299,725**	299,725	1.485-2.659	P&I Plus Make-Whole Premium
2021 Tax-exempt Refunding Series A	**145,735**	0	4.00-5.00	100
2021 Tax-exempt Series B	**284,555**	0	4.00-5.00	100
Total Revenue Obligations	**6,642,817**	6,509,147		
Direct Placement Long-Term Revolving Credit Agreement: (matures through 2029)	**19,000**	110,000	N/A	N/A
Less: Current Portion - Long-term Debt	**107,791**	104,575		
Total Long-term Debt - (Net of current portion)	**$ 6,554,026**	$ 6,514,572		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2021.

(2) Call Price may only apply to certain maturities outstanding at December 31, 2021.

(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) Interest is based on a weekly rate.

Changes in Long-Term Debt

Long-term debt (LTD) activity for the years ended December 31, 2021 and 2020 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balance	Current Portion LTD	Total LTD (Net of Current Portion)	Unamortized Debt Discounts and Premiums	LTD-Net Ending Balances
				YEAR 2021 (Thousands)				
Revenue Obligations	**$ 6,509,147**	**$ 430,290**	**$ (296,620)**	**$ 6,642,817**	**$ 107,791**	**$ 6,535,026**	**$ 407,565**	**$ 6,942,591**
Direct Placement Long-Term Revolving Credit Agreement	**136,100**	**0**	**(113,889)**	**22,211**	**3,211**	**19,000**	**0**	**19,000**
Totals	**$ 6,645,247**	**$ 430,290**	**$ (410,509)**	**$ 6,665,028**	**$ 111,002**	**$ 6,554,026**	**$ 407,565**	**$ 6,961,591**
				YEAR 2020 (Thousands)				
Revenue Obligations	$ 6,587,097	$ 638,205	$ (716,155)	$ 6,509,147	$ 104,575	$ 6,404,572	$ 342,705	$ 6,747,277
Direct Placement Long-Term Revolving Credit Agreement	135,266	175,100	(174,266)	136,100	26,100	110,000	0	110,000
Totals	$ 6,722,363	$ 813,305	$ (890,421)	$ 6,645,247	$ 130,675	$ 6,514,572	$ 342,705	$ 6,857,277

Summary of Long-Term Principal and Interest

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

Year Ending December 31,	Revenue Obligations	Long-Term Revolving Credit Agreements	Total Principal (Thousands)	TOTAL Interest [1]	TOTAL
2022	$ 107,791	$ 3,211	$ 111,002	$ 316,530	$ 427,532
2023	289,756	1,335	291,091	312,675	603,766
2024	118,471	11,335	129,806	303,432	433,238
2025	121,890	1,335	123,225	298,220	421,445
2026	143,622	1,335	144,957	292,639	437,596
2027-2031	832,775	3,660	836,435	1,367,302	2,203,737
2032-2036	995,200	0	995,200	1,176,625	2,171,825
2037-2041	924,007	0	924,007	942,675	1,866,682
2042-2046	1,145,810	0	1,145,810	704,472	1,850,282
2047-2051	1,140,235	0	1,140,235	395,685	1,535,920
2052-2056	823,260	0	823,260	102,092	925,352
Total	$ 6,642,817	$ 22,211	$ 6,665,028	$ 6,212,347	$ 12,877,375

[1] Does not reflect impact of subsidy interest payments on 2010 Taxable C (Build America Bonds). Years 2022-2036 include projected interest for Long-Term Revolving Credit Agreements and Variable Rate Debt.

This Page Intentionally Left Blank

Summary of Refunded and Defeased Debt and Unamortized Losses

Refunded and defeased debt, original loss on refunding and the unamortized loss at December 31, 2021 are as follows:

Refunding Description		Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
Cash Defeasance	$	20,000	1982 Series A	$ 0	$ 2,763	$ 37
Feb 2012 Defeasance	$	5,615	2003 Refunding Series A	0	749	376
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	9,987
2013 Refunding Series C	$	35,584	2003 Refunding Series A			
		97,695	2008 Series B	0	4,601	2,810
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	0	32,936	20,022

Summary of Refunded and Defeased Debt and Unamortized Losses (continued)

Refunding Description		Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
2015 Refunding Series A	$	13,370	2006 Series A			
		32,750	2007 Series A			
		93,035	2008 Series A			
		30,765	2009 Series B	$ 0	$ 21,487	$ 6,791
2015 Refunding Series B	$	78,150	2005 Refunding Series C	0	4,987	1,126
2015 Refunding Series C	$	87,560	2005 Refunding Series A			
		217,065	2005 Refunding Series B	0	24,366	291
2015 Series E	$	100,000	Barclays Revolving Credit Agreement	0	89	75
2016 Refunding Series A	$	75,885	2007 Series A			
		278,950	2008 Series A			
		20,905	2009 Refunding Series A			
		112,210	2009 Series B			
		75,000	2014 Series A (Step Coupon Bond)	0	56,068	33,475
2016 Refunding Series B	$	97,715	2009 Series E	0	12,873	9,604
2019 Refunding Series A	$	8,514	2004 Series M (1)			
		3,227	2005 Series M (1)			
		2,796	2006 Series M (1)			
		13,022	2008 Series M (1)			
		18,565	2010 Series M1(1)			
		16,401	2011 Series M2 (1)			
		14,084	2013 Series M1 (1)			
		28,773	2014 Series M1 (1)			
		20,453	2015 Series M1 (1)			
		25,407	2016 Series M1 (1)	0	1,747	633
2020 Refunding Series A	$	5,510	2009 Series A	0	77	42
2021 CP Partial Redemption	$	17,495	2019 Refunding Series A	0	846	795
2021 Refunding Series A	$	135,855	2011 Refunding Series C			
		38,575	2012 Refunding Series A	0	344	334
Total				$ 0	$ 178,379	$ 86,398

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

Summary of In-Substance Defeasance of Debt Using Only Existing Resources

Defeased debt, cash placed in escrow, and defeased debt outstanding at December 31, 2021 are as follows:

Description of Transaction	Defeased Debt		Cash Placed in Escrow	Defeased Debt Outstanding
			(Thousands)	
09/2018 Cash Defeasance	$ 48,475	2009 Refunding Series A		
	37,305	2010 Refunding Series B		
	81,510	2011 Refunding Series B		
	8,015	2012 Refunding Series A		
	7,510	2012 Refunding Series C		
	6,325	2012 Series D		
	100,000	2013 Series A		
	7,920	2014 Refunding Series C		
	5,485	2015 Series A		
	43,690	2015 Refunding Series C	$ 107,269	$ 100,000
10/2019 Cash Defeasance	$ 63,680	2009 Series C		
	2,285	2009 Series E		
	10,181	2010 Series M2 (1)		
	19,403	2011 Series M1 (1)		
	31,775	2012 Series D		
	32,370	2012 Series M1(1)		
	15,088	2012 Series M1 (1)		
	13,230	2012 Series M2 (1)		
	3,048	2013 Series M1 (1)		
	10,400	2015 Series M1 (1)		
	10,926	2016 Series M1 (1)		
	147,670	2016 Series D	$ 34,757	$ 31,775
Total			$ 142,026	$ 131,775

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

Analysis of Prior Year Current Portion of Long-term Debt

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 2020 current portion of long-term debt showing the amounts paid as debt service in 2021.

Analysis of December 31, 2020 Current Portion of Long-term Debt:	(Thousands)
Principal debt service paid from Revenues	$ 104,575
Total	$ 104,575

An analysis of the $89,285 current portion of long-term debt at December 31, 2019 showed that $89,285 was debt service paid from revenues.

Reconciliations of Interest Charges

Years Ended December 31,		**2021**		2020
		(Thousands)		
Reconciliation of interest cost to interest expense:				
Total interest cost	**$**	**313,177**	$	322,127
Interest charged to fuel expense		**(2)**		(396)
Interest charged to Camp Hall		**0**		(49)
Total interest expense on long-term debt	**$**	**313,175**	$	321,682
Reconciliation of interest cost to interest payments:				
Total interest cost	**$**	**313,177**	$	322,127
Accrued interest-current year		**(38,324)**		(37,919)
Accrued interest-prior year		**37,919**		40,401
Interest released by refundings		**(2,153)**		(10,270)
Accretion on capital appreciation minibonds		**0**		0
Total interest payments on long-term debt	**$**	**310,619**	$	314,339

Debt Service Coverage

Years Ended December 31,	**2021**	2020
	(Thousands)	
Operating revenues	**$ 1,765,785**	$ 1,627,427
Interest and investment revenue	**2,075**	3,216
Total revenues and income	**1,767,860**	1,630,643
Operating expenses	**(1,496,286)**	(1,263,683)
Depreciation	**259,075**	244,992
Total expenses	**(1,237,211)**	(1,018,691)
Funds available for debt service prior to distribution to the State	**530,649**	611,952
Distribution to the State	**(17,135)**	(17,479)
Funds available for debt service after distribution to the State	**$ 513,514**	$ 594,473
Debt Service on Accrual Basis:		
Principal on long-term debt	**$ 101,786**	$ 97,296
Interest on long-term debt	**313,175**	321,793
Long-term debt service paid from Revenues	**414,961**	419,089
Commercial paper and other principal and interest	**8,584**	35,183
Total debt service paid from Revenues	**$ 423,545**	$ 454,272
Debt Service Coverage Ratio:		
Excluding commercial paper and other:		
Prior to distribution to the State	**1.27**	1.46
After distribution to the State	**1.23**	1.41
Including commercial paper and other:		
Prior to distribution to the State	**1.25**	1.34
After distribution to the State	**1.21**	1.30

Fair Value of Debt Outstanding

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 $7.7 billion and $7.7 billion at December 31, 2021 and 2020, respectively.

Bond Market Transactions

Bond market transactions for the year ended December 31, 2021 were as follows:

Revenue Obligations, 2021 Tax-Exempt Refunding Series A and Tax-Exempt Improvement Series B	Par Amount: $430,290,000	Date Authorized: August 26, 2021

Summary: - Issued on September 2, 2021 at an all-in true interest rate of 2.719 percent
- Matures December 1, 2051

Bond market transactions for the year ended December 31, 2020 were as follows:

Revenue Obligations, 2020 Tax-Exempt Refunding and Imp. Series A and Taxable Refunding Series B	Par Amount: $638,205,000	Date Authorized: October 28,2020

Summary: - Issued on November 5, 2020 at an all-in true interest rate of 2.866 percent
- Matures December 1, 2043

Debt Covenant Compliance

As of December 31, 2021 and 2020, management believes 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 commercial paper;
(3) payments made into the Capital Improvement Fund.

As of December 31,	**2021**	2020
Outstanding Revenue Obligations	**$ 6.6 Billion**	$ 6.5 Billion
Estimated remaining interest payments	**$ 6.2 Billion**	$ 6.3 Billion
Issuance years (inclusive)	**2009 through 2021**	2009 through 2020
Maturity years (inclusive)	**2022 through 2056**	2021 through 2056

Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.

The Authority has outstanding indebtedness subject to the terms of its Master Revenue Obligation Resolution dated April 26, 1999 (Master Resolution), which contains a provision permitting the acceleration of all principal and interest on revenue obligations should there be an Event of Default.

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, 2021, 4.0% 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 120 days. The information related to commercial paper was as follows:

Years Ended December 31,		**2021**		2020
Commercial paper outstanding (000's)	**$**	**120,832**	$	171,251
Effective interest rate (at December 31)		**.15%**		.21%
Average annual amount outstanding (000's)	**$**	**167,247**	$	151,625
Average maturity		**63 Days**		42 Days
Average annual effective interest rate		**.13%**		.84%

As of December 31, 2021, the Authority had secured Irrevocable Direct Pay Letters of Credit and Reimbursement Agreements with Barclays Bank PLC totaling $300.0 million. These agreements are used to support the Authority's issuance of up to $300.0 million of commercial paper. There were no loans under the agreements during 2021 or 2020. $120.8 million of commercial paper supported by the agreements has been issued and the unused available commercial paper capacity was $179.2 million as of December 31, 2021.

As of December 31, 2021, the Authority had a Revolving Credit Agreement with Bank of America, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on September 10, 2020 and amended on December 28, 2021 and expires on March 31, 2022. The unused available capacity was $200.0 million.

As of December 31, 2021, the Authority had a Revolving Credit Agreement with TD Bank, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on July 27, 2017 and expires June 30, 2022. A total of $22.2 million of loans remain outstanding at December 31, 2021. The unused available capacity on this line was $177.8 million as of December 31, 2021.

As of December 31, 2021, the Authority had a Revolving Credit Agreement with J.P. Morgan Chase Bank, N.A. for $100.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on December 28, 2021 and expires December 27, 2024. The unused available capacity on this line was $100.0 million as of December 31, 2021.

The Authority also has debt outstanding under Revolving Credit Agreements (RCAs) and Reimbursement Agreements with the banks identified above. The RCAs contain provisions permitting, by written notice, the acceleration of outstanding debt and accrued interest upon the occurrence of an event of default and automatically accelerating debt outstanding under the RCAs without such notice upon the occurrence of an event of default relating to certain acts of bankruptcy or insolvency relating to the Authority. The RCAs also contain provisions permitting the applicable lender upon an event of default to terminate its agreement and refuse to advance further funds and providing that such termination of its agreement will automatically occur upon the occurrence of an Event of Default relating to certain acts of bankruptcy or insolvency relating to the Authority (unless such acceleration is waived by the lender where applicable). The Reimbursement Agreements similarly contain provisions permitting, by written notice, the acceleration of debt outstanding under the Agreements upon the occurrence of an event of default and automatically accelerating debt outstanding under the Agreements without such notice upon the occurrence of an event of default relating to certain acts of bankruptcy or insolvency relating to the Authority. Each Reimbursement Agreement also contains provisions that permit the Bank upon an event of default to deliver a Final Drawing Notice stating that an event of default has occurred under such Agreement, directing that no additional Series A/AA Notes or Series B/BB Notes, as applicable, be issued and stating that the Letter of Credit for the Series A/AA Notes or Series B/BB Notes, as applicable, will terminate on the earlier of (i) the tenth day following the delivery of such notice and (ii) the date on which the drawing on the applicable Letter of Credit resulting from the delivery of such Final Drawing Notice is honored by the Bank.

Note 7 – Summer Nuclear Station

Summer Nuclear Unit 1

The Authority and Dominion are parties to a joint ownership agreement providing that the Authority and Dominion shall own Unit 1 at the Summer Nuclear Station ("Summer Nuclear Unit 1") with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. Dominion is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Summer Nuclear 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 Summer Nuclear Unit 1, extending it to August 6, 2042.

Authority's Share of Summer Nuclear - Unit 1		
Years Ended December 31,	**2021**	2020
	(Millions)	
Plant balances before depreciation	**$ 825.4**	$ 734.7
Accumulated depreciation	**340.2**	354.3
Operation & maintenance expense	**80.2**	81.0

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. This amortization is included in fuel expense and recovered through the Authority's rates.

Dominion contracted with HOLTEC International, The Shaw Group, Inc. and Westinghouse to build a licensed Independent Spent Fuel Storage Installation ("ISFSI"), which was completed and commenced receiving fuel in 2016. Because of the Department of Energy's ("DOE") failure to meet its obligation to dispose of spent fuel, Dominion and the Authority are being reimbursed by DOE for a portion of ISFSI project costs. The Authority expects this reimbursement will equal approximately 75 percent of total project costs.

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 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 2020 and the NRC's imposed minimum requirement. Based on these estimates and assuming a SAFSTOR (delayed) decommissioning and an eighty year plant life, the Authority's one-third share of the estimated decommissioning costs of Summer Nuclear Unit 1 equals approximately $439.5 million in 2021 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 total approximately $244.7 million (adjusted to market) at December 31, 2021, along with investment earnings, additional contributions, and credits from future DOE reimbursements for spent fuel storage, are estimated to provide enough funds for the Authority's one-third share of the total decommissioning cost for Summer Nuclear Unit 1.

Summer Nuclear Units 2 and 3

Events Relative to Summer Nuclear Units 2 and 3

In January of 2008, the Authority approved a generation resource plan that included the development of two new 1,117 MW nuclear generating units (individually, "Summer Nuclear Unit 2" and "Summer Nuclear Unit 3" and together, "Summer Nuclear Units 2 and 3") at the V.C. Summer Nuclear Generating Station. Summer Nuclear Units 2 and 3 would be jointly-owned by the Authority (45% ownership interest) and, at the time, SCE&G (now known as Dominion) (55% ownership interest) (together, the "Owners").

In May of 2008, SCE&G, acting for itself and as agent for the Authority, entered into the EPC Agreement, with a contractor consortium consisting of Westinghouse and Stone & Webster, Inc. ("Stone & Webster" and together with Westinghouse, the "Consortium"), a wholly-owned subsidiary of Shaw. Under the EPC Agreement, the Consortium would supply, construct, test and start up Summer Nuclear Units 2 and 3, with guaranteed substantial completion dates of April 2016 for Summer Nuclear Unit 2 and January 2019 for Summer Nuclear Unit 3. In addition, Westinghouse's indirect parent company, Toshiba Corporation ("Toshiba"), provided a guaranty of Westinghouse's payment obligations under the EPC Agreement (the "Guaranty") and Stone & Webster's parent company, Shaw, likewise provided a guaranty of Stone & Webster's payment obligations under the EPC Agreement.

The cost of Summer Nuclear Units 2 and 3 was originally estimated to be approximately $9.8 billion. Based on its 45% ownership interest, the Authority's portion of the cost to construct Summer Nuclear Units 2 and 3 was approximately $4.4 billion. The Authority's funding sources for Summer Nuclear Units 2 and 3 consisted of the proceeds of Revenue Obligations issued pursuant to the Revenue Obligation Resolution between 2008 and 2016 and outstanding in the aggregate principal amount of $3.630 and $3.634 million as of December 31, 2021 and 2020, respectively.

During the course of construction, issues materialized that affected the budget and schedule for Summer Nuclear Units 2 and 3. In February of 2017, Toshiba Corporation announced a $6.3 billion write-down on the value of Westinghouse, stemming from its two U.S. nuclear construction projects, Summer Nuclear Units 2 and 3 and Units 3 and 4 at the Vogtle nuclear power plant located in Burke County, Georgia ("Vogtle Nuclear Units 3 and 4"). A month later, Westinghouse and 29 affiliated companies filed a petition pursuant to Chapter 11 of the Bankruptcy Code (the "Petition") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

After the filing of the Petition, the Owners, led by SCE&G, conducted a comprehensive analysis regarding the continued viability of Summer Nuclear Units 2 and 3. The analysis revealed that: (i) the costs to complete Summer Nuclear Units 2 and 3 (including labor costs) would be much higher than previously expected; and (ii) the construction schedule would take much longer than previously expected. In particular, (i) the Owners' analysis estimated that completion of Summer Nuclear Units 2 and 3 would be delayed until 2023 for Summer Nuclear Unit 2 and 2024 for Summer Nuclear Unit 3 and (ii) the new cost estimate for Summer Nuclear Units 2 and 3 was over $25 billion, placing the Authority's 45% share at $11.4 billion ($8 billion in construction costs and $3.4 billion in interest expense), an increase from the then-current projected cost of $6.2 billion.

The Owners also entered into negotiations with Toshiba for the purpose of acknowledging and defining Toshiba's obligations under the Guaranty and establishing a schedule for the full payment of such obligations to the Owners. As a result, in July of 2017, the Owners and Toshiba entered into a settlement agreement (the "Toshiba Settlement Agreement") which included, among other things Toshiba's agreement that it would pay the Guaranty obligation in the amount of $2.168 billion (the Authority's share (based on its 45% ownership interest) equaling $975.6 million)), in accordance with a payment schedule commencing in 2017 and continuing through 2022.

On July 31, 2017, the Authority approved the wind-down and suspension of construction of Summer Nuclear Units 2 and 3 and the preservation and protection of the site and related components and equipment. SCANA approved similar action on the same day. To date, the Authority had spent approximately $4.7 billion in construction and interest costs. Upon suspending construction, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund Summer Nuclear Units 2 and 3 as of July 31, 2017.

In early September of 2017, the Owners filed two proofs of claim in unliquidated amounts in connection with the Westinghouse bankruptcy proceeding. Later that month, the Owners and Citibank, N.A. ("Citibank") entered into an Assignment and Purchase Agreement (the "Assignment and Purchase Agreement"), pursuant to which the Owners sold and assigned rights to receive payment under the Toshiba Settlement Agreement and rights, duties and obligations arising under the two proofs of claim filed in the Westinghouse bankruptcy proceeding to Citibank, in exchange for a purchase price of $1,847,075,400 (the Authority's share (based on its 45% ownership interest) equaling $831,183,930). Excluded from the sale was the initial $150 million payment (the Authority's share (based on its 45% ownership interest) equaling $67.5 million) received by the Owners under the Toshiba Settlement Agreement.

In January of 2018, the Owners entered into Amendment No. 1 of the Toshiba Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement. These amendments had the effect of capping at $60 million the Owners' current obligation to reimburse Citibank for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3 (the Authority's share (based on its 45% ownership interest) equaling $27.0 million). To date, the Owners have not made any reimbursement payments to Citibank.

Also, in January, the State's Department of Revenue ("DOR") notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 and 3 had been assigned for a sales and use tax audit. During a meeting in February, the DOR took the position that, because Summer Nuclear Units 2 and 3 had been abandoned and the facility was not completed and would not produce electricity, the materials for Summer Nuclear Units 2 and 3 were not tax-exempt and sales tax payments were due on previously tax-exempt purchases. In May, the DOR issued a proposed notice of assessment in the amount of $421 million. The Authority has submitted a protest to the notice of proposed assessment and continues to dispute the position that sales taxes are due and owing. Pursuant to an agreement between the Authority and Dominion ancillary to the Cook Settlement, Dominion agreed to hold the Authority harmless for any potential liability associated with the Department of Revenue Matter.

In March of 2018, the Bankruptcy Court issued its order confirming Westinghouse's Chapter 11 plan of reorganization (the "Westinghouse Plan of Reorganization"). The Westinghouse Plan of Reorganization provided for the sale of Westinghouse to Brookfield Business Partners, L.P. ("Brookfield") for $4.6 billion, which occurred in August of 2018.

The Westinghouse Plan of Reorganization also provided for the payment of claims made by allowed general unsecured creditors in an amount equal to the lesser of: (i) their pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Under the Westinghouse Plan of Reorganization, creditors providing materials and services at the site of Summer Nuclear Units 2 and 3 were classified as Class 3A General Unsecured Creditors. In December of 2018, an initial distribution was made on behalf of the Westinghouse estate to Class 3A General Unsecured Creditors equaling approximately 25% of the allowed amount of each claim. Subsequently, a catch-up payment was made representing 75% of the allowed amount of each claim. Representatives of W. Wind Down Company, LLC, the entity responsible for paying the Westinghouse claims under the supervision of the Bankruptcy Court, has represented to the Owners that funds have been reserved to pay 100% of the presently disputed claims by the Class 3A General Unsecured Creditors. In the event that such disputed claims are not paid in full from the Westinghouse estate, the Class 3A General Unsecured Creditors could claim that the Authority is liable for payment under a mechanic's lien theory.

In June of 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation (MPD) Program to preserve the equipment relative to Summer Nuclear Units 2 and 3 for sale. The Authority contracted with Fluor to perform an assessment of the condition of the equipment and to implement an MPD Program to help protect its value. Fluor began this scope of work in July of that year. The Authority has since approved an extension of the MPD Program through the end of 2020. The Authority has spent $15.8 million through December 2021 to preserve the equipment.

In January of 2019, SCANA and its subsidiaries, including SCE&G, merged with Dominion. Through the merger, SCANA became a wholly-owned subsidiary of Dominion.

On April 5, 2019, Westinghouse filed an adversary proceeding complaint in the United States Bankruptcy Court for the Southern District of New York against the Authority, claiming that it is the owner of and has title to certain equipment related to the construction of Summer Nuclear Units 2 and 3 pursuant to the EPC Agreement. The parties settled the matter on August 29, 2020.

Sale of Summer Nuclear Units 2 and 3 Assets

After suspending construction, the Authority sought additional project partners or financial support for Summer Nuclear Units 2 and 3. Finding none, the Authority looked to whether or not it could sell the fuel assets and non-fuel assets comprising Summer Nuclear Units 2 and 3 equipment and commodities. First, an evaluation was conducted in accordance with GASB 42 to determine whether the assets were impaired. With the exception of certain assets to be repurposed at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the assets were determined to be impaired because: (i) the decline in service utility of the assets was large in magnitude; (ii) the event or change in circumstance was outside the normal life cycle of the assets; and (iii) although Summer Nuclear Units 2 and 3 could be completed at some point in the future, the Authority had no near-term plans to do so. Next, the Authority set out to determine the fair value of the impaired assets.

Based on the results of a fair value determination of the assets, the write-off of the construction costs and fuel for Summer Nuclear Units 2 and 3 for the year ended December 31, 2017 totaled $4.211 billion. In January of 2018, the Authority approved the use of regulatory accounting for the $4.211 billion impairment write-off. The majority of Summer Nuclear Units 2 and 3 was financed with borrowed funds and for rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. Therefore, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the principal payments on the associated indebtedness.

In December of 2017, the Authority approved the use of regulatory accounting to defer a portion of post-suspension capitalized interest. With the cessation of capitalized interest and the timing of the suspension, the Authority would be unable to collect a portion of the post-suspension capitalized interest in its rates. Such post-suspension capitalized interest totaled $37.1 million as of December 31, 2017 and, like the $4.211 billion impairment write-off, is recorded as a regulatory asset and amortized through November 2056 in order to align with the principal payments on the debt used to pay the interest.

In December of 2017, the Authority also approved the use of regulatory accounting to defer the recognition of income from the Toshiba Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million with respect to the Toshiba Settlement Agreement as of December 31, 2017, to be amortized over time in order to align with the manner in which the settlement proceeds are used to reduce debt service payments.

In the event that the principal maturities of the indebtedness described above changed materially, the amortization will be adjusted to better align with the new maturities. As such, the $4.211 billion impairment write-off was adjusted to $3.697 billion as of December 31, 2021, to account for a decrease of $40.2 million for adjustments after year end 2017 and amortization of $473.8 million. The $898.2 million deferred inflow with respect to the Toshiba Settlement Agreement was similarly adjusted to $251.1 million to account for $13.8 million in interest income and amortization of $660.9 million.

The following table summarizes the nuclear-related regulatory items:

Regulatory Item	Classification	Original Amount	2018 - 2021 Amortization	2018 - 2021 Changes	2021 Ending Balance
Nuclear impairment	Asset	$ 4.211 billion	($ 473.8 million)	($40.2 million)	$ 3.697 billion
Nuclear post-suspension interest	Asset	$ 37.1 million			$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$898.2 million	($ 660.9 million)	$ 13.8 million	$251.1 million

Switchyard Assets. SCE&G and the Authority determined that certain transmission-related switchyard assets that were part of Summer Nuclear Units 2 and 3 (the "Switchyard Assets") were unimpaired. During 2018, SCE&G (now Dominion) and the Authority agreed that the ownership interest in the Switchyard Assets needed to be adjusted and began negotiating an agreement to adjust the percentages and true-up the charges. In June of 2019, Dominion and the Authority entered into a Bill of Sale setting the amount of the true-up payment for the Switchyard Assets at $2,675,911. Dominion made this payment to the Authority in September 2019.

Forbearance Agreement. In December of 2018, SCE&G and the Authority executed a Forbearance Agreement (the "Forbearance Agreement") for the purpose of facilitating the possible domestic and international sales of equipment, commodities and plant components relative to Summer Nuclear Units 2 and 3. Pursuant to the Forbearance Agreement, SCE&G reaffirmed its irrevocable waiver of any and all rights in certain assets (the "Forbearance Assets") consisting of Summer Nuclear Units 2 and 3; ancillary facilities; intellectual property; equipment and materials on-site and off-site including, without limitation, assets, materials and equipment that are affixed to the real property at the site but are capable of being removed. Excluded from the Forbearance Assets were the underlying real property; certain specifically-identified assets excluded from the abandonment of Summer Nuclear Units 2 and 3 prior to December 31, 2017; substation and switchyard assets; the old New Nuclear Deployment (NND) building and nuclear fuel. Under the Forbearance Agreement, Dominion had thirty (30) days from the execution date to: (i) seek approval of the Forbearance Agreement from the PSC and (ii) take reasonable efforts to obtain the release of any security interest or mortgage attached to the Forbearance Assets. In March of 2019, (i) the PSC approved the Forbearance Agreement and (ii) Dominion provided the Authority with a fully-executed release.

Sales of Summer Nuclear Units 2 and 3 Assets. During calendar years 2018 - 2021, the Authority sold certain equipment and commodities to third parties. Through December 31, 2021, $35.8 million of materials have been sold.

In accordance with the settlement agreement reached between Westinghouse Electric Company, LLC ("WEC") and the Authority in August 2020 (the Westinghouse Settlement Agreement"), the Authority owns all of the non-nuclear equipment and proceeds from sales of nuclear-related equipment will be split between WEC and the Authority as provided in the Westinghouse Settlement Agreement as follows:

(1) Major non-installed nuclear equipment, 50% Authority and 50% WEC;
(2) Major installed nuclear equipment, 90% Authority and 10% WEC;
(3) Any other equipment that could be used in nuclear projects, 67% to the Authority and 33% to WEC.

In late 2020, the Authority entered into agreements with three outside entities to assist with the sale of surplus nuclear assets associated with Summer Nuclear Units 2 & 3. These assets are categorized as "subject" and "other" equipment, pursuant to the agreement with WEC. Following the first agreement, WEC will be solely responsible for marketing and sales of "subject" equipment. A second agreement was entered into with a large-scale utility, currently in the construction phase of two similar AP-1000 units. This agreement allows sales of "other" assets directly to the large-scale utility from the Authority. The third agreement is between the Authority and a global industrial sales company, specializing in investment recovery for surplus assets, to market and sell "other" equipment. Direct sales of "other" equipment to the large-scale utility are excluded from the agreement with the industrial sales company. In all three agreements, the Authority maintains approval privileges to all sales.

The Authority currently expects to use amounts received from the proceeds from the sale of nuclear-related equipment to pay down a portion of its outstanding debt.

Note 8 – Leases

Capital Lease

The Authority, as lessor, has a capital lease (the "Office Site Ground Lease Agreement") with Volvo Car USA, LLC, as lessee, covering a ground lease for an improved office site and associated acreage. The lease term is 20 years with annual payments of $404,167 due each January 1st, starting January 1, 2018. The sum of the minimum lease payments total $8.1 million and include site work of $5.9 million, land of $0.5 million and interest of $1.7 million (based on the 20-year Treasury Bill at the effective rate of 2.58%). Volvo Car USA, LLC has options to purchase the office site as follows:

1. At any time until the expiration of the capital lease term, Volvo Car USA, LLC shall have a purchase option, the price of which shall be determined as: (i) the amount sufficient to repay in full the land purchase price of $0.5 million; plus (ii) the costs and expenses incurred by the Authority for the site preparation of $5.9 million; plus (iii) interest added at 2.58% per annum; accruing from the work completion date through and until the date of payment by Volvo Car USA, LLC to Santee Cooper of the option purchase price; less (iv) the amount of rent paid by Volvo Car USA, LLC to the Authority as of the date of payment by Volvo Car USA, LLC of the option purchase price.
2. At expiration of the capital lease and if Volvo Car USA, LLC has paid all rent in accordance with the capital lease, Volvo Car USA, LLC shall have a purchase option with an option purchase price of $1.

Total minimum lease payments to be received from Volvo Car USA, LLC as of December 31, 2021 are as follows:

Year Ending December 31,	Minimum Lease Payments (Thousands)
2022	$ 404
2023	404
2024	404
2025	404
2026	404
Thereafter	4,446
Total	$ 6,466

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 the Coordination Agreement, the Authority is the predominant supplier of energy needs for Central, excluding amounts supplied by Duke to the Upstate Load (Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc.), energy Central receives from the Southeastern Power Administration (SEPA) and negligible amounts generated and purchased from others. In 2021, revenues pursuant to the Central Agreement were 58% of total sales of electricity, compared to 60% in 2020.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them. 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 Statements of Revenues, Expenses and Changes in Net Position. In 2021, operating revenues were reduced by $21.5 million for 2016 - 2019 Central audit issues.

In 2013 the Central and Authority Boards approved an Amendment to the Coordination Agreement. As part of this Central agreed to extend their rights to terminate the agreement until December 31, 2058. The Coordination 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 Coordination 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. The Authority and Central have resolved certain matters relating to the nuclear project through the execution of the Cook Settlement and continue to conduct business pursuant to the terms of the Settlement and the Coordination Agreement.

Note 10 – Commitments and Contingencies

Budget - The Authority's 2022 three-year capital budget is as follows:

Years Ending December 31,	2022	2023	2024
		(Millions)	
Environmental Compliance [1]	$ 71.4	$ 68.9	$ 101.5
General System Improvements and Other [2]	241.2	236.9	245.0
Total Capital Budget [3]	$ 312.6	$ 305.8	$ 346.5

Budget Assumptions:

[1] Environmental Compliance is composed of project costs associated with ash pond closures and solid waste.

[2] Other includes Advanced Metering Infrastructure, FERC Relicensing, Camp Hall, and Renewables.

[3] Will be financed by internal funds or debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2021. The disclosure of contract obligations shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under current long-term arrangements. Additional arrangements are expected to meet the Authority's full demand.

Years Ending December 31,	Total Volumes with Options [1]	Contract Volumes [2]
	(Thousands)	
2022	$ 239,476	$ 136,901
2023	198,975	96,100
2024	148,463	112,525
Total	$ 586,914	$ 345,526

[1] Includes tons which the Authority has the option 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, 2021:

Contracts with Minimum Fixed Payment Obligations[1]

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	14 Years	$ 0

[1] The Armed Services Board of Contract Appeals has instructed Santee Cooper and the Corps of Engineers to negotiate capacity value, and the parties are working to determine same.

Contracts with Power Receipt and Payment Obligations [1]

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	4 Years	$ 61.9
2	2013	22 Years	455.6
1	2013	12 Years	5.4
1	2021	4 Years	22.4
1	2023	5 Years	24.1
1	2023	5 Years	25.9
1	2023	5 Years	14.3

[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 Dominion, SOCO and Duke. This network transmission service is used to serve 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 2022 and the total transmission obligations for 2023-2032. The wholesale customer obligations below represent projected transmission amounts through the term of the current contracts.

Transmission Obligations

	2022	2023-2032
	(Thousands)	
Other Customers	$ 9,101	$ 53,524
Total	$ 9,101	$ 53,524

As of December 31, 2020, Santee Cooper has executed four purchase power agreements with 5 year terms under the Public Utilities Regulatory Policies Act of 1978 (PURPA). A project associated with an agreement with Centerfield Solar, LLC, effective April 18, 2019, having a nameplate capacity of 75 MW, reached commercial operation in December 2020. An agreement with Alora Solar, LLC, was effective May 19, 2020, and the project is scheduled to achieve commercial operation in the 4th quarter of 2022 and has a nameplate capacity of approximately 75 MW. Projects totaling approximately 130 MW of nameplate capacity associated with agreements with Gunsight Solar, LLC, effective April 30, 2019, and Landrace Holdings, LLC, effective May 19, 2020, are expected to achieve commercial operation by the 4th quarter of 2023, respectively.

In 2020, Santee Cooper issued a Request for Proposals up to 500 MW of solar capacity and energy. To date, five contracts totaling 425 MW have been awarded with terms ranging from 15-20 years and expected commercial operation in 2023.

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 through June 30, 2025, effective July 1, 2020, 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. Nuclear fuel purchases for Units 2 and 3 ended once construction on the new units was suspended and remaining commitments now only apply to Unit 1. As of December 31, 2021, these contracts total approximately $78.1 million over the next 13 years.

On May 12, 2008, Dominion, for itself and as agent to the Authority, entered into a Uranium Hexafluoride ("UF6") Supply Agreement with Cameco, Inc. ("Cameco"), a Nevada corporation that supplies uranium products (the "Original Agreement"). The Original Agreement called for delivery of a total of 1,535,000 kilograms of elemental uranium ("kgU") of UF6 to Dominion. The total quantity to be delivered was spread out over the 2010 to 2016 time-period with an annual base quantity specified for each year. The Original Agreement was subsequently amended on January 25, 2011 (the "Amendment") (the Original Agreement, as amended by the Amendment, is hereinafter referred to as the "Agreement"), to provide for additional deliveries of UF6 over an extended contract term covering the period of 2017 to 2020. The Amendment called for an additional 1,640,000 kgU of UF6 to be delivered with 410,000 kgU identified as the annual base quantity for each year of the extended term. The Amendment also modified the pricing terms.

On December 18, 2018, Cameco initiated an arbitration proceeding alleging that Dominion was in breach of the Agreement when it did not take and pay for the full quantity of UF6 to be delivered under the Agreement, for use in Summer Nuclear Unit 1 and Summer Nuclear Units 2 and 3. In January 2021, the parties entered into a mutual release of claims and dismissed the arbitration.

Pursuant to the Settlement Agreement and Release dated March 17, 2020 between Dominion and the Authority, Dominion agreed to indemnify the Authority for any amounts required to satisfy a judgment or settlement in the Cameco arbitration.

The Authority successfully negotiated a Contractual Service Agreement with GEII, effective March 2016, that covers all units on the Rainey plant site. The Contractual Service Agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to 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. Based on the latest approved fuel forecast, the contract term extends through 2028 and the Authority's estimated remaining commitment on the contract is $48.5 million, including escalation.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation to supply gas transportation needs for its Rainey Generating Station. The service agreement is for 80,000 dekatherms per day of firm capacity and extends through November 1, 2031.

Byproducts - Coal combustion products ("CCP"), which include fly ash, bottom ash, and flue gas desulfurization products such as gypsum, are produced when coal is burned to generate electricity. The Authority has entered into contracts for the beneficial use of CCPs and continually looks for new markets and customers for the use of CCPs. The Authority supplies and delivers drywall quality gypsum to American Gypsum ("AG") in Georgetown, South Carolina under a long-term contract that includes minimum and maximum supply volumes. The gypsum is primarily sourced from synthetic gypsum produced at the Cross Generating Station ("CGS") and Winyah Generating Station ("WGS"). Currently and under projected dispatch assumptions, gypsum produced at CGS and WGS does not meet required minimum contract volumes, and shortfalls are obtained from several external sources of both natural and synthetic gypsum. Sources may vary based on availability and cost. Natural gypsum is currently purchased and delivered from International Materials Inc. Synthetic gypsum is currently purchased from Cameron Ag Products, LLC ("Cam Ag"). Cam Ag provides this source via rail from various sources in the Southeast to the Authority's Jefferies Station, from where it is delivered to AG. Additionally, ponded ash is reclaimed from the Authority's ash ponds for use in the cement and concrete industry. This pond ash is sold to multiple cement plants as a replacement for silica and alumina in their process. Dry fly ash is recovered directly from the operating units for use in the concrete industry, and bottom ash is beneficially used by concrete block manufacturers to produce concrete block. The Authority has multiple beneficial use agreements to facilitate beneficial use activities, one of which is the STAR Processed Fly Ash Operating and Sales Agreement between the Authority and The SEFA Group, Inc. ("SEFA"). Pursuant to this Agreement, the Authority supplies dry fly ash and/or ponded ash from the Winyah Station to SEFA who processes it in their staged turbulent air reactor ("STAR") unit to produce a high-quality fly ash which they market to the concrete industry. In addition, ponded gypsum, which does not meet wallboard specifications, is reclaimed from the Authority's slurry ponds for use in the agriculture and cement industries.

Risk Management - 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 2021. Policies are subject to deductibles ranging from $500 to $2.0 million, except for named storm losses which carry deductibles from $2.0 million up to $50.0 million. Also, a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2021, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, 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. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2021. In addition, there have been no third-party claims regarding environmental damages for 2021 or 2020.

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,	**2021**	2020
	(Thousands)	
Unpaid claims and claim expense at beginning of year	**$ 1,554**	$ 2,690
Incurred claims and claim adjustment expenses:		
Add: Provision for current year events	**1,166**	576
Less: Payments for current and prior years	**1,131**	1,712
Total unpaid claims and claim expenses at end of year	**$ 1,589**	$ 1,554

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; and 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 except for employee dental insurance for which the Authority is self-insured. Risk exposure for the dental plan is limited by plan provisions. 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.

Nuclear Insurance - The maximum liability for public claims arising from any nuclear incident has been established at $13.523 billion by the Price-Anderson Indemnification Act. This $13.523 billion would be covered by nuclear liability insurance of $450.0 million per reactor unit, with potential retrospective assessments of up to $137.6 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $20.5 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 $45.9 million, not to exceed approximately $6.8 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, Dominion and the Authority maintain, with Nuclear Electric Insurance Limited ("NEIL"), $1.500 billion primary and $1.250 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. Dominion and the Authority also maintain an excess property insurance policy with European Mutual Association for Nuclear Insurance (EMANI) to cover property damage and outage costs up to $415.0 million resulting from an event of non-nuclear origin. Dominion 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, Dominion 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 $7.0 million for the primary policy, $3.6 million for the excess policies and $1.8 million for the accidental outage policy.

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, 2021.

Clean Air Act - The Authority endeavors to ensure that its facilities comply with all applicable environmental regulations and standards under the Clean Air Act ("CAA"). The Authority continues to review proposed greenhouse gas regulations and legislation to assess potential impacts to its operations. The latest rulemaking occurred on June 24, 2019, when the EPA issued the final Affordable Clean Energy ("ACE") Rule following the repeal of the Clean Power Plan ("CPP"). The ACE Rule, which established heat rate improvement ("HRI") measures as the best system of emissions reduction ("BSER") for CO2 emissions from existing coal-fired EGUs, was vacated and remanded by the D.C. Circuit Court of Appeals on January 19, 2021. On October 29, 2021, the U.S. Supreme Court agreed to review the lower court's ruling, considering the scope of the EPA's authority to regulate carbon. A decision is expected in 2022. The Authority cannot currently predict the outcome or future scope, timing, and costs associated with any CO2 emissions requirements.

Safe Drinking Water Act - 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.

On the federal level, the EPA has recently announced its intention to implement a national program to evaluate and regulate a category of organic contaminants known as per- and poly[1]fluoroalkyl substances ("PFAS"). The Authority does not anticipate significant implications for its power-related facilities but does anticipate new requirements for its Regional Water Systems because the first new requirements appear to be related to drinking water. Specifically, the Strategic Roadmap 2021-2024 announced by the EPA on October 18, 2021 states that public water systems will be required to participate in a nationwide monitoring program for PFAS in drinking water during a 12-month period sometime between the beginning of 2023 and the end of 2025. The EPA issued a final rule on December 27, 2021, and the Authority is evaluating its new obligations. The EPA also announced a proposed rule to establish national drinking water standards for perfluorooctaonoic acid ("PFOA") and perfluorooctane sulfonic acid ("PFOS") - and perhaps other chemicals in the PFAS category - with a proposed regulation expected in the fall of 2022. The Authority will comply with any applicable new standards that are issued.

In addition, the EPA's Revised Lead and Copper Rule (86 FR 4198) became effective on December 16, 2021, with a compliance date of October 16, 2024. This rule is expected to have only a minimal impact on the Authority's Regional Water Systems as they have a limited transmission system that is completely constructed from cement lined ductile iron pipe. Changes in requirements for monitoring frequency, corrosion control treatment, and sampling procedure will be the primary effects to the Regional Water Systems. The Cross Generating Station includes a Non-Transient Non-Community Water System and will be required to conduct an inventory of on-site drinking water pipes.

Clean Water Act - 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 endeavors to operate in compliance with these permits.

EPA issued their final rule regarding Section 316(b) of the CWA on August 15, 2014. The rule establishes requirements for cooling water intake structures ("CWISs") at existing facilities. Section 316(b) of the CWA requires that the location, design, construction and capacity of CWISs reflect the best technology available (BTA) for minimizing adverse environmental impacts. The Authority will continue to work with the regulatory agencies on implementation as required. The Authority believes compliance costs are not significant.

EPA regulates oil spills prevention and preparedness under the CWA, 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. In addition to the SPCC requirements, the Myrtle Beach and Hilton Head Gas Turbine sites are subject to 40 CFR 112.20 and 112.21 requirements for Facility Response Plans (FRP).

EPA had also been developing a new rule specifying requirements for spill prevention and preparedness for chemicals stored in aboveground storage tanks. Under a consent decree issued on February 16, 2016, EPA was required to create new regulations that established procedures, methods, equipment, and other requirements to prevent hazardous substance discharges. On June 25, 2018, EPA published a proposed rule that determined no additional actions are necessary to prevent these discharges. The public comment period for the proposed rule closed on August 24, 2018, and on September 3, 2019, EPA published a final rule stating that they are not establishing new requirements for hazardous substances under the CWA. In February of 2020, EPA entered into a consent decree with a number of environmental plaintiffs describing their intent to develop new regulations for such chemicals over the next twenty-four months, with a final action required within thirty months. The Authority does not expect any significant compliance costs associated with these regulations.

A revision to the NPDES Steam Electric Effluent Limitation Guidelines ("ELG") rule became effective on January 4, 2016. The guidelines proposed stricter performance standards that required upgrades and installation of additional wastewater treatment systems for the Winyah and Cross Generating Stations. The EPA later revised this ELG rule to require compliance starting on November 1, 2020. In April 2017, the EPA postponed some compliance dates in the rule and stated its intention to draft a new rule. In April 2019, the U.S. Court of Appeals for the Fifth Circuit remanded portions of the ELG rule because it determined that some of the standards were not sufficiently stringent. On October 13, 2020, EPA published a new rule in the Federal Register that has revised compliance limits, as well as new subcategories for low-capacity boilers and facilities facing retirement. Construction on many of the treatment systems and equipment required to comply with the rule is complete and the Authority expects the remaining cost of compliance at Cross to be approximately $98 million for FGD wastewater treatment. The Authority's board has voted to retire Winyah by 2028 and utilize the retirement exemption in the ELG Rule, so costs there are believed to be insignificant. ELG requirements under the 2020 rule, along with any new state-defined limits, will be included in revised NPDES discharge permits that are currently being developed by the South Carolina Department of Health and Environmental Control ("DHEC"). While not final, draft permits for Cross and Winyah Generating Stations were recently put on public notice by DHEC. These draft permits reflect a reasonable schedule for implementation of FGD wastewater treatment at Cross and the Authority's intention to retire Winyah. The ability to switch to other compliance strategies for FGD wastewater is also not precluded, and the Authority has submitted notices of planned participation for relevant compliance subcategories. It remains possible that there could be changes in the final permits; any such additional requirements and associated costs are not yet known. While the 2020 rule remains in force at this time, the EPA announced a new rulemaking initiative in the Federal Register ("FR") on July 26, 2021, stating its intention to reevaluate FGD wastewater and bottom ash transport water limits and compliance alternatives in a new rule, which will be published as a proposed rule in the fall of 2022. The FR statement announced the EPA's intention that permittees and state permitting authorities follow the 2020 rule until a new rule is published. In light of this new upcoming rulemaking, the Authority is working to evaluate its options. At this time, it is not possible to identify a final compliance target, method of compliance, or associated costs with the new rulemaking.

On October 22, 2019, the Army Corps of Engineers and the EPA published a final rule repealing the 2015 Waters of the U.S. ("WOTUS") Rule, which had required that more water features be regulated as WOTUS, with additional permitting and mitigation requirements and costs. On April 21, 2020, the Army Corps of Engineers and the EPA published the Navigable Waters Protection Rule ("NWPR") to redefine Waters of the U.S., and the final rule became effective on June 22, 2020. The April 2020 final rule provided additional clarity and addressed many of the concerns posed by the broad 2015 rule, including exclusions for ditches and waste treatment systems. The rule also maintained exclusions for groundwater, ephemeral features and diffuse stormwater run-off, and artificial lakes and ponds created because of impounding non-jurisdictional waters. Numerous environmental groups filed challenges to the NWPR following its publication, including challenges to the waste treatment system exclusion. On June 9, 2021, the EPA announced its intention to initiate a new rulemaking process that "restores the protections in place" prior to the 2015 WOTUS rule and to develop a more durable definition. On September 3, 2021, the EPA and the Army Corps published an update that they have halted implementation of the NWPR, so effectively the agencies will interpret waters of the United States consistent with the pre-2015 regulation until further notice. Existing jurisdictional determinations remain valid for five years from the date of issue. The EPA and Army Corps published a proposed rule on November 18, 2021 to replace the NWPR with a revised version of the 1986 WOTUS regulations with amendments reflecting the Agencies' interpretation of Supreme Court Decisions in the Rapanos judgement. Through adopting both the "relatively permanent" test and "significant nexus" test, the proposed rule would establish a broader geographic scope of WOTUS jurisdiction than either the NWPR or the 1986 regulations. At this time, it is not possible to identify specific impacts, but it is likely that additional time and cost for any new construction will be necessary in the future to account for greater uncertainty regarding the definition of Waters of the U.S.

Hazardous and Non-Hazardous Substances, Solid Wastes and Coal Combustion Byproducts - Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("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. 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. CERCLA provides for the reporting requirements to cover the release of hazardous substances into the environment. 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 the Resource Conservation and Recovery Act ("RCRA") regarding appropriate disposal of hazardous wastes. The Authority's corporate policy titled Solid, Universal and Hazardous Waste (Policy Number 2-42-02) and the Corporate Waste Management Guidance Document provide guidance for the proper management and monitoring of solid, universal and hazardous waste for environmental and regulatory compliance. 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. The Authority's corporate policy titled PCB Management (Policy Number 5-23-04) and the PCB Management Plan provide guidance for the proper management and monitoring of PCBs for environmental and regulatory compliance.

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 was granted state program approval in 2002 and regulates USTs under R. 61-92, Part 280. This regulation provides requirements for the design, installation, operation, closure, release detection, reporting and corrective action and financial responsibility. The Authority's corporate policy titled Underground Storage Tanks (Policy Number 2-11-03) provides guidance for the proper management and monitoring of USTs for environmental and regulatory compliance.

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, EPA published the CCR Rule establishing comprehensive requirements for the management and disposal of CCRs. The rule regulates CCRs as a RCRA Subtitle D, nonhazardous waste and had an effective date of October 19, 2015. The Authority continues to comply with the CCR Rule through groundwater monitoring, assessment of corrective measures and internet postings of CCR Rule reports. Long-term compliance plans to address groundwater include pond closures and utilization of Class 3 landfills at the Cross and Winyah Generating Stations for disposal of CCRs. Beneficial use of ash and gypsum results in removal of CCRs from ponds to support closure and fewer CCRs being disposed of in the on-site landfills. The Class 3 landfill at Winyah Generating Station has been in operation since November 2018. DHEC issued approval to operate two newly constructed cells of the Winyah Class 3 landfill on December 20, 2021. The Cross Generating Station's Class 3 landfill continues in operation. These two Class 3 landfills are subject to the CCR Rule. The surface impoundments subject to the CCR Rule are located at the Cross and Winyah Generating Stations. These CCR impoundments have triggered closure because they are unlined and do not meet the aquifer location standard. Additionally, a subset of these CCR impoundments do not meet the groundwater protection standards for one or more constituents and are thus in a Corrective Action program. As of the April 11, 2021 CCR rule deadline, all ponds subject to the CCR Rule are no longer receiving any CCR or non-CCR waste streams.

Other CCR rulemakings are pending and will be monitored to address any requirements that impact the Authority. The EPA has issued an advanced notice of proposed rulemaking ("ANPRM") regarding regulating legacy impoundments and this proposed rulemaking is expected in late 2022 with a final rule to follow about one year later. Under this rulemaking, other ponds could become subject to the CCR Rule, including the Jefferies Generating Station ash pond and possibly the Grainger Generating Station ash ponds, even though the Grainger ash ponds have completed closure in accordance with DHEC's requirements. Other rulemakings which are expected to be issued in the near future include a Federal CCR Permit Program with procedures for CCR units to obtain permits in non-participating states, which includes South Carolina, and an additional closure option for units that are closing by removal of CCR but cannot complete groundwater corrective action within the rule's prescribed closure timeframes.

Closure plans for the Jefferies Generating Station Ash Pond and for the Winyah West Ash Pond have been approved by DHEC and closure is in progress, with regulatory deadlines of 2030. These ponds are not currently subject to the CCR Rule. However, as noted above, pending CCR rulemakings could regulate inactive impoundments at closed facilities. The Cross Bottom Ash Pond and the remaining ponds at the Winyah Generating Station (A Ash Pond, B Ash Pond, South Ash Pond, and Units 3 & 4 Slurry Pond) are subject to both the CCR Rule's closure requirements and to DHEC closure regulations. A closure plan for the Winyah A Ash Pond has been approved by DHEC and closure is in progress. Plans are being developed and implemented to facilitate closure of the remaining ponds by the CCR Rule's regulatory deadlines. The ponds will be closed through excavation and beneficial use of materials or through disposal in the on-site industrial Class 3 solid waste landfills on site at Cross and Winyah. For the Cross Bottom Ash Pond, closure by removal is the selected closure strategy and monitored natural attenuation is the selected groundwater remedy so that it meets groundwater protection standards. Closure by removal is also the strategy for the Winyah CCR ponds and a similar groundwater remediation strategy is being evaluated. Four ponds (Winyah Slurry Pond 2, Grainger Ash Pond 1, Grainger Ash Pond 2, and the Cross Gypsum Pond) have already completed closure in accordance with DHEC's requirements. The Authority estimates approximately $315 million remaining to spend between 2022 and 2031 for pond closures associated with the CCR Rule, and these costs are included in current capital budgets. These costs are also part of the asset retirement obligation.

Wildlife – The Authority's operations have the potential to impact threatened and endangered species, birds, and other wildlife protected by the Endangered Species Act ("ESA"), Migratory Bird Treaty Act ("MBTA"), National Environmental Policy Act ("NEPA"), and additional state and federal requirements. Penalties for violations can be substantial and include criminal liability. The Authority endeavors to ensure that its facilities, operations, and projects comply with all applicable wildlife protection requirements.

Pollution Remediation Obligations – 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.

On December 31, 2020, the Authority was notified by the South Carolina Department of Health and Environmental Control ("DHEC") that the Authority was required to submit a Site-Specific Work Plan ("SSWP") for an Initial Ground Water Assessment ("IGWA") under the South Carolina Pollution Control Act (SC Code Ann. § 48-1-50(6), § 48-1-50(20), and § 48-1-50(21)), for a property within the Authority's FERC project boundaries that is currently occupied by a commercial lessee. An underground pipe on the property was damaged by employees of a telecommunications company during installation of underground wiring and an estimated 800 gallons of gasoline leaked into the surrounding soil. DHEC has informed the Authority that DHEC considers the Authority responsible for any necessary remediation activities, although the Authority is currently negotiating with the telecommunications company on a cost sharing agreement. After the IGWA results were received and indicated groundwater contamination, DHEC requested a Tier II assessment SSWP for additional soil and groundwater sampling. The Tier II results were submitted to DHEC on September 14, 2021. Subsequent activity resulted in DHEC approving an Evacuation Corrective Action Plan and Well Installation Plan on November 18, 2021. We expect the Corrective Action Plan to cost approximately $101,000 plus $12,900 per year in annual sampling costs for a period of up to five years. Santee Cooper is working with other parties to share costs of the cleanup. Implementation of the Corrective Action Plan is planned for 2022.

A property exists within the Authority's FERC project boundaries that is currently occupied by a commercial lessee, Packs Landing Marina. As part of a proposed SCDOT right-of-way project, a Phase II environmental assessment was conducted in the early 2000s that identified soil and groundwater hydrocarbon contamination from underground and/or above ground fuel tanks at the site. Based on that information, DHEC began working with the lessee to address the contamination but was unsuccessful. In response, DHEC contacted the Authority as the property owner. In 2014, the Authority was notified by DHEC that, based on the groundwater monitoring report received in August 2013, the submittal of a Tier II Assessment Plan was required. The Authority agreed to monitor the progress of the environmental work and assist with financing cost of environmental assessment for the leaseholder. Work has been conducted on the site since 2013 through DHEC-approved workplans. On March 17, 2021, DHEC issued a directive to Packs Landing Marina for a Site-Specific Work Plan (SSWP) to conduct additional testing for creosote found in sample results at the site. Negotiations for a Voluntary Cleanup Contract are taking place for the creosote aspect of the site while work on the hydrocarbon component continues, and DHEC has been provided the results detailing the most recent field investigation.

No pollution remediation liabilities were recorded for the years ended December 31, 2021 and 2020.

FERC Hydroelectric License - The Authority operates its Jefferies Hydro Station and certain other property, including the Pinopolis Dam on the Cooper River and the Santee Dam on the Santee River, which are major parts of the Authority's integrated hydroelectric complex, under a license issued by the FERC pursuant to the Federal Power Act ("FPA"). The project is currently undergoing relicensing and a Notice of Intent ("NOI") to relicense was filed with the FERC on November 13, 2000. The final license application was filed March 15, 2004. Due to a number of Additional Information Requests and a delay in the consultation process between FERC and the National Marine Fisheries Service ("NMFS"), the relicensing process has extended beyond the March 31, 2006 license expiration date. The FERC has issued a standing annual license renewal until a final license is issued. The FERC issued its Final Environmental Impact Statement ("EIS") in October 2007. The South Carolina Department of Natural Resources, the U.S. Fish and Wildlife Service, and the Authority jointly signed and filed a settlement agreement with the FERC in May 2007 that, among other things, identifies fish passage and outflow guidelines during the term of the next license. The NMFS chose not to join in that settlement agreement and in January 2020 submitted a second modified prescription for mandatory fishway conditions under §18 of the FPA, flow recommendations under §10 of that Act, and a final biological opinion for the endangered short nose sturgeon and Atlantic sturgeon under Section 7 of the Endangered Species Act ("ESA"). In July 2020, the FERC updated the federally listed threatened, endangered, candidate or proposed species, and designated or proposed critical habitat within the project boundary or potentially affected by project operations. In March 2021, the FERC accepted the Authority's updated stability analysis for the Santee Dams to address consequences of continuous spilling at the spillway gang gates and permanently higher tailwater levels due to the proposed higher minimum flows. All other known requirements are complete, and the Authority expects issuance of a new license is imminent. Total implementation costs are estimated to be between $84 million and $179 million. Santee Cooper has recorded approximately $400,000 in capital assets for the FERC Hydroelectric license through December 31, 2021.

Homeland Security - 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 Chemical Facility Anti-Terrorism Standards ("CFATS") program identifies and regulates high-risk chemicals facilities to ensure they have security measures in place to reduce the risk associated with these 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 CFATS program, also referred to as 6 CFR, Part 27. Once completed, the assessments become sensitive, federally controlled documents and are stored in accordance with all federal and state guidelines attendant to critical infrastructure information protection.

Legislative Matters - On June 8, 2021, the General Assembly passed, and on June 15, 2021, the Governor signed into law Act 90 of 2021 (H.3194), which establishes reforms by amending the state laws applicable to the Authority. Act 90 of 2021, among other things, includes the following provisions:

- Act 135 Extension. Extended the expiration date (from May 31, 2021 to December 31, 2021) of Act 135, which established certain operational guidelines for the Authority. Although Act 135 was extended, Act 90 of 2021 removed the requirement in Act 135 that the ORS conduct monthly reviews of the Authority and further authorized the Authority to proceed with the plan for the closing of the Winyah Generating Station and to enter into financial transactions for, among other purposes, converting variable rate debt to fixed rate debt and obtaining lower interest rates on existing debts, provided that overall debt load may not be increased by any such transaction.

- Joint Bond Review Committee Approval Requirements for Bonds and Real Estate Transfers. Requires the JBRC to approve, reject, or modify a proposed issuance by the Authority of its (1) bonds, (2) notes, or (3) other indebtedness, including any refinancing that does not achieve a savings in total debt service. The JBRC has determined that any refinancing transactions that are not typically utilized by the State will require its approval. Act 90 of 2021 provides that JBRC approval is not required for the issuance of short-term or revolving-credit debt for the management of the Authority's day-to-day operations and financing needs. If the JBRC does not approve, reject, or modify a request for approval of a proposed debt issuance within sixty days, the issuance is deemed approved. A proposed debt issuance that receives JBRC approval may be issued across multiple series and over a three-year period of time.

  With the exception of encroachment agreements, rights of way, or lease agreements made by the Authority for property within the Federal Energy Regulatory Project boundary, a transfer of any interest in real property by the Authority, regardless of the value of the transaction, requires approval, rejection, or modification by the JBRC and the Authority is required, by September first of each year, to provide an annual report to the JBRC regarding every transaction involving an interest in real property executed during the preceding twelve months.

- Changes to Retail Rates Process. Establishes a retail rate process ("Retail Rate Process") for the Authority requiring the Authority to (i) adopt and publish pricing principles that balance certain factors including, but not limited to, adherence to the Authority's mission to be a low-cost provider, reliability, transparency, preservation of financial integrity, equity among customer classes, gradualism in adjustments to its pricing and rate schedule type, adequate notice to customers, relief mechanisms for financially distressed customers, and review of compliance with bond covenants, and (ii) submit to the ORS for its review and comment any proposed rate adjustments presented to the Board for the Board's approval.

  Act 90 of 2021 also establishes procedures for challenges to rates and authorizes the Authority to place adjusted rates and charges into effect on an interim basis not exceeding 18 months if needed to avoid a default of its obligations and to ensure proper maintenance of its System. The South Carolina Supreme Courts may not substitute its judgment for the judgment of the Board as to questions of fact when reviewing rate adjustments approved by the Board pursuant to Act 90 of 2021 which have been authorized by law and the remedy for a successful rate challenge is a prospective adjustment of a new rate.

- Construction, Acquisition and Purchase Requirements. Imposes certain limitations and approval requirements on the Authority with respect to the construction, acquisition, and purchase of major utility facilities, including that the Authority may not enter into a contract for the acquisition of a major utility facility without the prior approval of the SCPSC. In addition, the Authority is required to file for SCPSC approval of a program for the competitive procurement of energy, capacity, and environmental attributes from renewable energy facilities to meet needs for new generation resources identified by the Authority in its integrated resource plans or other planning processes. The Authority also may not enter into a contract for the purchase of power with a duration longer than ten years without approval of the SCPSC unless the transaction is either (i) subject to the exclusive jurisdiction of FERC or another federal agency or (ii) a purchase of renewable power through a SCPSC approved competitive procurement.

- Board of Directors Qualifications. Revises the terms and qualifications for membership on the Board, provides for two non-voting ex-officio members, establishes their duties and responsibilities, and provides that violations of such duties and responsibilities constitutes grounds for removal by the Governor. Act 90 of 2021 provides a transition to a new board over a four-year period, changes board terms from seven years to four years and creates a three-term limit. Act 90 of 2021 establishes new experience and educational requirements for board members and directs the appointing authority, the Governor, to consider diversity when making appointments. Two non-voting ex officio members, appointed by the Authority's largest customer Central, are added to the Board.

  Each Board member is required to discharge his duties, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Authority, which involves a balancing of, among other things, preservation of the financial integrity of the Authority and its operations, the interest of the Authority's residential, commercial and industrial retail customers in reliable, adequate, efficient, and safe service, at just and reasonable rates, regardless of customer class and the exercise of the powers of the Authority set forth in the Act in accordance with good business practices and the requirements of applicable licenses, laws, and regulations.

- Certain Compensation, Benefit and Severance Packages Subject to Review and Approval. Any compensation package, severance package, payment or other benefit conferred upon the Authority CEO or member of the Board of the Authority must first be reviewed and approved by the Agency Head Salary Commission of the State Fiscal Accountability Authority. Additionally, any employment contracts or retention contracts that last longer than five years, and all contract extensions, must be reviewed by the Agency Head Salary Commission. Any payment made or benefit given in violation of Act 90 of 2021 is subject to a claw-back of the payment or benefit in a legal action brought by the State Attorney General.

- Service Territory. Provides the process by which the Authority may enter into agreements with other electric suppliers on the reassignment of service areas.

- Authority and Jurisdiction of ORS, JBRC and SCPSC. Establishes the authority and jurisdiction of the ORS with respect to the Authority and sets forth certain on-going reporting and compliance requirements for the Authority, including filing of an integrated resource plan with the SCPSC, filing an annual report on transactions involving real property to the JBRC, and submission of books, records and other information requested by the ORS.

Act 90 of 2021 expressly states that the Retail Rate Process established by such Act does not limit or derogate from the State's covenants in Sections 58-31-30 and 58-31-360 of the Code of Laws of South Carolina 1976, as amended, not to impair, alter, limit or restrict the Authority's power to establish rates and charges sufficient to provide for payment of its expenses and debt service on its obligations, and those covenants are reaffirmed.

During the second half of 2021 and related to Act 90 of 2021, the Joint Bond Review Committee considered and approved several finance and real estate transactions of the Authority, the Agency Head Salary Commission approved a six-month contract extension and annual performance measures for Authority CEO Mark Bonsall, and the South Carolina Public Service Commission held an *ex parte* hearing related to its new regulatory authority over the Authority.

The Electric Market Reform Measures study committee established by Act 187 of 2020 met twice in 2021. This electric market study committee is made up of 8 legislators, 4 from the SC Senate and 4 from the SC House. The study committee is charged with analyzing whether South Carolina should consider any changes to its electric market structure. It is expected that this study committee will issue an interim report in 2022.

The South Carolina General Assembly adjourned its legislative session in December 2021. The General Assembly will finish its two-year legislative session in 2022.

Legal Matters - 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 the Authority's financial condition, or the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution. The Authority is vigorously defending any liability in all pending litigation; however, certain matters may be subject to trial by a jury or judge, which serves as the final trial trier of facts and awards. Alternatively, the Authority may decide to enter settlement negotiations to resolve such disputes. The Authority is unable to predict the outcome of the matters described below. Adverse decisions or determinations could delay or impede the Authority's operation or construction of its existing or planned projects, and/or require the Authority to incur substantial additional costs. Such results could materially adversely affect the Authority's revenues and, in turn, the Authority's ability to pay debt service on its bonds.

Recently Settled Litigation Matters

(a) *Hearn v. South Carolina Public Service Authority*

On August 16, 2017, Plaintiff George Hearn, on behalf of a putative class of retail customers, filed a class action complaint in Horry County alleging the Authority acted negligently when it decided to build the Pee Dee coal generating facility in Florence County and acted negligently when it decided to cancel construction of the facility and was negligent in accounting for the Pee Dee assets. The specific claims in the complaint include breach of duty to ratepayers, breach of contract, declaratory judgment/injunctive relief, unjust enrichment, money had and received, affirmative injunctive relief, and violation of due process. Plaintiffs claimed damages of $600 million. The parties agreed to settle the matter with the Authority paying $12,500,000 to a common benefit fund in exchange for a full release of all claims that were or could have been brought by the class (defined as all residential and business retail customers who received power and energy from the Authority and who had accounts with the Authority between November 1, 2009 and February 28, 2021) and which arise out of or are related to the Pee Dee Plant. The court entered an order finally approving the settlement on October 8, 2021.

(b) *Cook et al. v. South Carolina Public Service Authority et al.*

On July 31, 2020, the South Carolina Court of Common Pleas entered an Amended Order Approving Settlement, which dismissed a putative class action filed in August of 2017 against the Authority in connection with the Authority's July 2017 decision to suspend construction of Summer Nuclear Units 2 and 3 (Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, SCANA Corporation, SCANA Services, Inc., Palmetto Elec. Coop., & Central Electric. Power Coop.) (the "Cook Settlement Agreement"). The *Cook* Settlement Agreement generally provides for the dismissal and the release of all claims belonging to the class members against the defendants, including the claims against the Authority. In exchange for dismissal and release of the claims, Dominion and the Authority agreed to make certain payments to a Common Benefit Fund (the "Common Benefit Fund") in the amount of $520 million to be paid to class members. The Authority's portion of the payments to the Common Benefit Fund is $200 million, to be paid in three annual installments in each of the third quarters of 2020, 2021 and 2022, in the amount of $65 million, $65 million, and $70 million, respectively. The Authority's payment for 2020 was made on September 25, 2020, and the payment for 2021 was made on September 24, 2021. In addition, the Authority agreed to hold its rates consistent with rates projected in the Authority's Act 95 Reform Plan beginning in August of 2020 and (i) for the customers other than Central whose rates are subject to the rate lock, effective for all bills rendered on or after August 16, 2020 through all bills rendered on or before January 15, 2025, and (ii) for Central, through service rendered on or before December 31, 2024. The Cook Settlement Agreement requires the Authority to file an annual report demonstrating compliance with certain terms of the Agreement. On April 30, 2021, the Authority filed its first report. As allowed by the Agreement, on June 9, 2021, Central filed a Request for the Appointment of an Independent Auditor to review the Authority's compliance as to three transactions: (1) using funds specifically allocated for capital projects to retire a scheduled balloon payment in 2023 while borrowing new money to fund existing capital project needs, (2) restructuring existing debt, and (3) using funds on hand to pay the first $65 million installment to the Common Benefit Fund. As stated in its 2020 Annual Compliance Report, the Authority's position is that it is in full compliance with the Agreement, the Agreement does not prohibit the Authority from issuing or restructuring debt nor does it prohibit the Authority from using funds on hand to pay installments due to the Common Benefit Fund. The Authority's response to Central's audit request was submitted on July 12, 2021. The court deferred approving or denying Central's request.

Pending Matters or Disputes

(a) Central Agreement Audit Dispute

Following an annual audit of the Authority's records as permitted under the Central Agreement, Central has taken issue with the Authority's treatment of the Summer Nuclear Units 2 and 3 associated regulatory asset under the Central Agreement's cost of service model. Central's treatment of the regulatory asset, if applied, would result in the return to Central of over $50 million for fiscal years 2017, 2018 and 2019, and a reduction in future contributions from Central in a yet undetermined amount. The Authority has responded to Central noting its disagreement with Central's position. The parties are proceeding with determining a means for resolving the dispute.

(b) Central Arbitration Notice

On September 23, 2021, Central tendered a Notice of Arbitration, as permitted under the Central Agreement, presenting questions related to the Authority's accounting for gypsum expenses and revenues in conjunction with the Authority's contract with American Gypsum. The Authority submitted a response denying the allegations on October 15, 2021. A full arbitration Tribunal is expected to be selected in early 2022, after which the arbitration will occur. Court proceedings may follow the Tribunal's decision pursuant to the terms of the Central Agreement.

(c) South Carolina Public Service Authority v. U.S. Army Corps of Engineers

The Authority filed a claim on October 2, 2015 against the COE seeking a determination that the Rediversion Contract between the Authority and the COE does not require the Authority to credit the COE for a capacity value surcharge and that the COE owes the Authority approximately $1.4 million in contract payments for 2015. The Rediversion Contract governs the operation of the St. Stephen Hydro Plant and the obligations of the parties related to the Plant's operations. The COE denied the claim and asserted the Authority was required to pay the credit and a credit in the amount of $716,874 was due to the COE for 2015. The Authority appealed the decision to the Armed Services Board of Contract Appeals ("ASBCA") and the COE counterclaimed. The parties asked the ASBCA to determine the rights under the contract.

On July 22, 2020, the Board denied the Authority's appeals and remanded to the parties for "negotiation for the value of the additional capacity for the final 20 years of the contract performance period based on the contract." Negotiations are ongoing.

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 System ("SCRS") and serves as a co-trustee of the Systems in conducting that review.

PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR 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.

Plan Description - 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.

Benefit Provided - 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.

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, (9.00 percent employee cost and 16.41 percent employer cost); however, under the State ORP, 5.00 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 11.41 percent is contributed to the SCRS. As of December 31, 2021, the Authority had 91 employees participating in the State ORP and consequently the related payments are not material.

Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 (the "Act") increased employer retirement contribution rates by 2 percent to 13.56 percent for SCRS. The employer contribution rate for the State ORP was increased to 13.56 percent, with 5 percent of the employer contribution being remitted directly to the participant's State ORP investment provider. The employer rate will continue to increase annually by 1 percent through July 1, 2023, with the ultimate employer rate reaching 18.56 percent. Employee rates for SCRS and the State ORP increased to and are capped at 9 percent. Employer and employee contribution rates may be decreased in equal amounts once the system is 85 percent funded. The employee contribution rate may not be less than ½ of the normal cost for the system. The Act also reduced the funding period for unfunded liabilities from 30 to 20 years over the next 10 years as well as lowered the current assumed annual rate of return from 7.5 percent to 7.25 percent. The assumed annual rate of return expired July 1, 2021 and will every four years thereafter. PEBA must propose an annual rate of return every four years, which will become effective if the General Assembly fails to enact a rate of return.

Contributions - All employees are required by State statute to contribute to the SCRS at the prevailing rate, currently 9.00 percent. The Authority contributed 16.41 percent of the total payroll for SCRS retirement. For 2021, the Authority also contributed an additional 0.15 percent of total payroll for group life.

Liabilities, Expense and Deferred Outflows (Inflows) of Resources Related to Pensions - At December 31, 2021, the Authority reported a liability of $294.5 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, 2021 and determined by an actuarial valuation as of July 1, 2020. The Authority's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $21.1 million paid to SCRS for the year ended June 30, 2021 relative to the actual contributions of $1.7 billion from all participating employers. The schedule of the Authority's proportionate share of the net pension liability for the years ended June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020
Authority's proportion of the net pension liability (%)	**1.28%**	1.28%
Authority's proportion of the net pension liability (millions)	**$ 278.9**	$ 327.9
Authority's covered employee payroll (millions)	**$ 152.7**	$ 149.7
Authority's proportion of the net pension liability as a percentage of its covered employee payroll	**183%**	219%
Plan fiduciary net position as a percentage of the total pension liability	**60.70%**	50.70%

For the year ended December 31, 2021, the Authority recognized a pension expense of $12.4 million, the Authority's proportionate share of the total pension expense. At December 31, 2021, 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	**$ 4,776**	**$ 379**
Changes of assumptions	**15,293**	**0**
Net difference between projected and actual earnings on pension plan investments	**20,616**	**61,252**
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	**1,204**	**12,586**
Authority's contributions subsequent to the measurement date	**10,731**	**0**
Total	**$ 52,620**	**$ 74,217**

The Authority reported $10.7 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, 2022. 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, 2021. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2020, was 3.91 years for SCRS.

Year Ending December 31:	(Thousands)
2022	**$ (9,432)**
2023	**(4,500)**
2024	**(3,193)**
2025	**(15,202)**
Total	**$ (35,327)**

For the year ended December 31, 2020, the Authority recognized a pension expense of $27.8 million, the Authority's proportionate share of the total pension expense. At December 31, 2020, 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	**$ 3,803**	**$ 1,241**
Changes of assumptions	**424**	**0**
Net difference between projected and actual earnings on pension plan investments	**27,693**	**3,516**
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	**94**	**20,911**
Authority's contributions subsequent to the measurement date	**10,268**	**0**
Total	**$ 42,282**	**$ 25,668**

The Authority reported $10.3 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, 2021. 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, 2020. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2019, was 3.984 years for SCRS.

Year Ending December 31:	(Thousands)
2021	$ (3,416)
2022	(663)
2023	4,266
2024	6,158
Total	$ 6,345

Actuarial Assumptions - Actuarial valuations of the Authority involve 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 as of December 31, 2021:

- **Measurement Date**	**June 30, 2021**
- **Valuation Date**	**July 1, 2020**
- **Expected Return on Investments**	**7.25%**
- **Inflation**	**2.25%**
- **Future Salary Increases**	**3.00% to 12.50% (varies by service)**
- **Mortality Assumption**	**2016 Mortality Table set back projected at SCALE AA from year 2016 Males multiplied by 100%. Females multiplied by 111%**

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2020:

- Measurement Date	June 30, 2020
- Valuation Date	July 1, 2019
- Expected Return on Investments	7.25%
- Inflation	2.25%
- Future Salary Increases	3.00% to 12.50% (varies by service)
- Mortality Assumption	2016 Mortality Table set back projected at SCALE AA from year 2016 Males multiplied by 100%. Females multiplied by 111%

Discount Rate - The discount rate used to measure the total pension liability was 7.00 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.

Long-term Expected Rate of Return - For the measurement date as of June 30, 2021, the long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return (as prescribed by South Carolina Code Section 9-16-335) used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity			
Public Equity	**46.00%**	**6.87%**	**3.16%**
Private Equity	**9.00%**	**9.68%**	**0.87%**
Real Assets			
Real Estate	**9.00%**	**6.01%**	**0.54%**
Infrastructure	**3.00%**	**5.08%**	**0.15%**
Diversified Credit			
Bonds	**26.00%**	**0.27%**	**0.07%**
Private Debt	**7.00%**	**5.47%**	**0.39%**
Total Expected Real Return	**100.0%**		**5.18%**
Inflation for Actuarial Purposes			**2.25%**
Total Expected Nominal Return			**7.43%**

For the measurement date as of June 30, 2020, the long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (as prescribed by South Carolina Code Section 9-16-335) used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	**Target Asset Allocation**	**Expected Arithmetic Real Rate of Return**	**Long-Term Expected Portfolio Real Rate of Return**
Global Equity			
Global Public Equity	**35.00%**	**7.81%**	**2.73%**
Private Equity	**9.00%**	**8.91%**	**0.80%**
Equity Options Strategies	**7.00%**	**5.09%**	**0.36%**
Real Assets			
Real Estate (Private)	**8.00%**	**5.55%**	**0.44%**
Real Estate (REITs)	**1.00%**	**7.78%**	**0.08%**
Infrastructure (Private)	**2.00%**	**4.88%**	**0.10%**
Infrastructure (Public)	**1.00%**	**7.05%**	**0.07%**
Opportunistic			
GTAA/Risk Parity	**7.00%**	**3.56%**	**0.25%**
Other Opportunistic Strategies	**1.00%**	**4.41%**	**0.04%**
Diversified Credit			
High Yield Bonds/ Bank Loans	**4.00%**	**4.21%**	**0.17%**
Emerging Markets Debt	**4.00%**	**3.44%**	**0.14%**
Private Debt	**7.00%**	**5.79%**	**0.40%**
Conservative Fixed Income			
Core Fixed Income	**13.00%**	**1.60%**	**0.21%**
Cash and Short Duration (Net)	**1.00%**	**0.56%**	**0.01%**
Total Expected Real Return	**100.0%**		**5.80%**
Inflation for Actuarial Purposes			**2.25%**
Total Expected Nominal Return			**8.05%**

Sensitivity Analysis - For the measurement date as of June 30, 2021, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.00% as well as SERP discount rates of 2.25% for both the pre-2007 and non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	**Current Discount Rate**	**1.00% Increase**
		(Thousands)	
Authority's proportionate share of the net pension liability	**$ 382,002**	**$ 294,504**	**$ 221,685**

For the measurement date as of June 30, 2020, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.25% as well as SERP discount rates of 2.00% for both the pre-2007 and non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Authority's proportionate share of the net pension liability	$ 424,440	$ 344,795	$ 278,203

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-2007 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. Effective February 23, 2018, entry into the plan is closed and no employee shall become a participant on or after this date. At December 31, 2021, the Authority reported an asset of $4.7 million and a liability of $15.5 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	**$ 23**	**$ 374**
Changes of assumptions	**14**	**3**
Net difference between projected and actual earnings on pension plan investments	**165**	**931**
Authority's contributions subsequent to the measurement date	**188**	**0**
Total	**$ 390**	**$ 1,308**

The Authority reported $188,000 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, 2022. 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, 2021.

Year Ending December 31:	
	(Thousands)
2022	**$ (414)**
2023	**(343)**
2024	**(202)**
2025	**(146)**
2026	**0**
Total	**$ (1,105)**

At December 31, 2020, the Authority reported an asset of $3.9 million and a liability of $16.9 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 280	$ 682
Changes of assumptions	120	10
Net difference between projected and actual earnings on pension plan investments	330	644
Authority's contributions subsequent to the measurement date	187	0
Total	$ 917	$ 1,336

The Authority reported $187,000 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, 2021. 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, 2020.

Year Ending December 31:	(Thousands)
2021	$ (58)
2022	(279)
2023	(207)
2024	(61)
2025	0
Total	$ (605)

Summer Nuclear Unit 1 Retirement - The Authority and Dominion Energy, Inc. are parties to a joint ownership agreement for Summer Nuclear Unit 1 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, 2021, and 2020, the Authority had a pension liability of $8.1 million and $9.1 million, respectively.

In accordance with FASB ASC 715, the Authority has a regulatory asset balance of approximately $9.2 million and $9.7 million for the unfunded portion of pension benefits at December 31, 2021 and 2020, respectively. Additional information may be obtained by reference to the Dominion Energy Inc. Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2021.

Note 12 – Other Postemployment Benefits (OPEB)

Vacation / 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.

Plan Description - 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 1,100 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.

As of the measurement date, June 30, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,124
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	1,591
Total Plan Members	**2,715**

As of the measurement date, June 30, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,107
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	1,623
Total Plan Members	**2,730**

Funding Policy **-** 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. In 2018 with the implementation of GASB 75, the Authority established a formal funding plan and elected to fund the OPEB obligation over a 30-year closed period. This method of funding will result in a lower OPEB liability and establishes a method for amortizing the regulatory asset as funding occurs.

Net OPEB Liability **-** The components of the net OPEB liability at June 30, 2021 were as follows:

	(Thousands)
Total OPEB Liability	$ 293,309
Plan fiduciary net position	105,781
Authority's net OPEB liability	$ 187,528
Plan fiduciary net position as a percentage of the total OPEB liability	36.06%

The components of the net OPEB liability at June 30, 2020 were as follows:

	(Thousands)
Total OPEB Liability	$ 274,983
Plan fiduciary net position	98,874
Authority's net OPEB liability	$ 176,109
Plan fiduciary net position as a percentage of the total OPEB liability	35.96%

Actuarial Methods and Assumptions **-** The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Methods and Assumptions	
Actuarial Cost Method	Individual Entry-Age
Amortization Method	Level dollar
Amortization Period	Closed period; 26 years remaining as of the beginning of FYE21
Asset Valuation	Market Value
Investment Rate of Return	3.50%, net of investment expenses, including inflation
Inflation	2.25%
Salary Increases	3.00% to 7.00%, including inflation
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2015 as conducted for the South Carolina Retirement Systems (SCRS)
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members.
Participation Rates	Rates of 95% for fully funded retirees, 60% for partially funded retirees, and 20% for retirees not eligible for any explicit subsidy.
Healthcare Cost Trend Rates	Initial rate of 6.40% declining to an ultimate rate of 4.15% after 15 years

Investments - The investments of the Authority must follow the general guidelines set by the Enabling Legislation. The Authority is required to invest without limitation its revenues in obligations the interest and principal of which are guaranteed or are fully secured by contracts with the United States of America; in obligations of any agency, instrumentality or corporation which has been or may hereafter be created by or pursuant to an act of Congress; direct and general obligations of the State of South Carolina; and certificates of deposit issued by any bank, trust company or national banking association which do business in South Carolina.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	.13%	0.1%
Fixed Income	99.87%	2.6%
Total Blended Average	**100.0%**	**2.5%**

Asset Allocation at June 30, 2021

The rate of return for 2021 on the Trust was (2.00)%.

Discount rate. A Single Discount Rate of 3.00% was used to measure the total OPEB liability. The expected rate of return on OPEB plan investments is 3.00%. The municipal bond rate is 1.92% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 3.00%.

Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Year Ended December 31, 2021

Measurement period ending June 30		**2021**		2020
		(Thousands)		
Service Cost	**$**	**6,899**	$	6,821
Interest on the total OPEB liability		**9,573**		9,425
Difference between expected and actual experience		**7,692**		242
Changes of Assumptions		**3,975**		(2,717)
Benefit payments		**(9,813)**		(9,351)
Net change in total OPEB liability		**18,326**		4,420
Total OPEB liability - beginning		**274,983**		270,563
Total OPEB liability - ending (a)	**$**	**293,309**	$	274,983
Plan fiduciary net position				
Employer contributions	**$**	**18,573**	$	18,812
OPEB plan net investment income		**(1,686)**		5,717
Benefit payments		**(9,813)**		(9,351)
OPEB plan administrative expense		**(167)**		(153)
Net change in plan fiduciary net position		**6,907**		15,025
Plan fiduciary net position - beginning		**98,874**		83,849
Plan fiduciary net position - ending (b)	**$**	**105,781**	$	98,874
Net OPEB liability - ending (a) - (b)	**$**	**187,528**	$	176,109
Plan fiduciary net position as a percentage of total OPEB liability		**36.06%**		35.96 %
Covered-employee payroll (dollars)	**$**	**148,938,030**	$	149,128,347
Net OPEB liability as a percentage of covered-employee payroll		**125.91 %**		118.09 %

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the Authority calculated using the Authority's discount rate of 3.00% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate as of June 30, 2021.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 237,421	$ 187,528	$ 147,524

The following presents the net OPEB liability of the Authority calculated using the Authority's discount rate of 3.50% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate as of June 30, 2020.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 221,141	$ 176,109	$ 139,752

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the Authority calculated using the Authority's healthcare cost trend rate of 7.00% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate as of June 30, 2021.

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 139,900	$ 187,528	$ 249,196

The following presents the net OPEB liability of the Authority calculated using the Authority's healthcare cost trend rate of 7.00% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate as of June 30, 2020.

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 130,414	$ 176,109	$ 235,077

OPEB Expense and Deferred Outflows (Inflows) of Resources Related to OPEB - For the year ended December 31, 2021, the Authority recognized OPEB expense of $19.5 million. At December 31, 2021, the Authority reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 6,751	$ 7,450
Changes of assumptions	28,833	1,938
Net difference between projected and actual earnings on OPEB plan investments	2,242	0
Authority's contributions subsequent to the measurement date	11,264	0
Total	**$ 49,090**	**$ 9,388**

The Authority reported $11.3 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows (inflows) of resources will be recognized in OPEB expense in future years.

The following schedule reflects the amortization of the Authority's balance of remaining deferred outflows (inflows) of resources at December 31, 2021.

Year Ending December 31:	
	(Thousands)
2022	$ 6,441
2023	5,908
2024	6,387
2025	6,827
2026	1,344
Thereafter,	1,531
Total	$ 28,438

For the year ended December 21, 2020, the Authority recognized OPEB expense of $17 million. At December 31, 2020, the Authority reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	**$ 207**	**$ 9,336**
Changes of assumptions	**31,836**	**2,327**
Net difference between projected and actual earnings on OPEB plan investments	**0**	**2,464**
Authority's contributions subsequent to the measurement date	**10,233**	**0**
Total	**$ 42,276**	**$ 14,129**

The Authority reported $10.2 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows (inflows) of resources will be recognized in OPEB expense in future years.

The following schedule reflects the amortization of the Authority's balance of remaining deferred outflows (inflows) of resources at December 31, 2020.

Year Ending December 31:	
	(Thousands)
2021	$ 3,692
2022	3,692
2023	3,160
2024	3,639
2025	4,078
Thereafter,	(344)
Total	$ 17,915

Summer Nuclear OPEB - The Authority is responsible for funding its share of OPEB costs for nuclear station employees. The Authority's liability balances as of December 31, 2021 and 2020 were both approximately $12.4 million and $11.9 million, respectively.

In accordance with FASB ASC 715, the Authority recorded a regulatory asset of approximately $600,000 for the unfunded portion of OPEB costs at December 31, 2021 and 2020. Additional information may be obtained by reference to the Dominion Energy, Inc. Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2021.

Note 13 – Credit Risk and Major Customers

In 2021, the Authority had one customer that accounted for more than 10 percent of the Authority's sales:

Customer:	2021	2020
	(Millions)	
Central	**$ 1,003**	$ 968

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, 2021 and 2020 was $2.6 million and $2.4 million, respectively.

Note 14 – Impact of Novel Coronavirus (COVID-19) Pandemic

In March 2020, a Presidential Declaration of Disaster was issued for the Federal Reimbursement of Protective Measure costs incurred from the COVID-19 Pandemic through FEMA Public Assistance Program. Protective Measure costs are defined as those that are directly related to accomplishing the specified emergency health and safety measures to ensure the Authority maintains a safe environment for its employees and customers. FEMA Public Assistance Program guidelines provide these Protective Measure costs must be directly related to the event and would not be incurred if not for the event.

The Authority will continue to collect Protective Measures costs associated with the COVID-19 pandemic until the end of the incident period based upon the Declaration of Disaster guidelines which has been extended into 2022. Federal Reimbursement for the COVID-19 Protective Measure Expenses is anticipated in 2022 and 2023.

The Authority captured all costs associated with the Protective Measures incurred in 2021 and 2020. The amounts were approximately $13.7 million and $3.5 million, respectively. The Authority recorded a $4.3 million receivable for the anticipation of reimbursement of a portion of the Protective Measure Cost incurred during 2020, which was subsequently reversed in December 2021. The Authority reversed the receivable due to limited and changing FEMA guidelines for eligibility of costs. The Authority continues to monitor the COVID-19 Pandemic and all costs associated with the global event for any financial impact but does not expect the costs associated with this event to have measurable long-term impact on its operations of the production and delivery of electricity to its customers.

The Authority continues to take proactive steps to help customers adversely affected by COVID-19 by working with customers and offering payment arrangement options. While the number of delinquent accounts had increased during the early stages of the pandemic, since mid-July 2020 daily delinquency numbers and balances for the Authority's residential and commercial customers have returned to pre-COVID levels. As of December 31, 2021, the Authority had 20 delinquent residential and commercial accounts pending disconnect with an aggregate balance of less than approximately $10,000.

Note 15 – Cook Settlement as to Rates

On July 31, 2020, the Board authorized management to implement the terms of the Cook Settlement Agreement reached with plaintiff's counsel in settlement of the Cook Case. The Cook Settlement Agreement provides, in part, for "Settlement Rate(s)" described below effective as follows: (i) for the customers other than Central whose rates are subject to the rate lock, effective for all bills rendered on or after August 16, 2020 through all bills rendered on or before January 15, 2025, and (ii) for Central, effective for service rendered on or after August 1, 2020, through service rendered on or before December 31, 2024. The period from August 1, 2020 through January 15, 2025 is referred to as the "Settlement Rate Period."

In accordance with the terms of the Cook Settlement Agreement, the Board has authorized management to lock the rate schedules and suspend the existing variable rate components of select rates and replace them with those established in the Cook Settlement Agreement during the Settlement Rate Period. The Settlement Rates impact a vast majority of the Authority's customers and locks the majority of Central's rate components to those established in Schedule A of the Cook Settlement Agreement and most variable rate components for the majority of the Authority's non-Central customers to those projected in Schedule B of the Cook Settlement Agreement. The Settlement Rate suspends the operations of the fuel adjustment, demand sales adjustment and economic development sales adjustment for customers with rate codes designated on Schedule B of the Cook Settlement Agreement. This results in rates being locked for almost all residential and commercial customers participating in the Settlement Rate, as well as industrial customers served under the Schedule L rate and the Interruptible and Economy Power Optional riders. The Settlement Rate under Schedule B also applies to customers with contractual rates based on the Municipal Street Lighting rate (ML), the cities of Bamberg, Georgetown and Seneca. The rate lock agreed to in the Cook Settlement Agreement is consistent with rates and the rate stabilization period projected in the Authority's Act 95 Reform Plan.

Consistent with being a rate lock, the Authority has agreed in the Cook Settlement Agreement not to defer any costs and expenses incurred or otherwise appropriately attributable to any year during the Settlement Rate Period to any other year or years during or after the Settlement Rate Period, except that the Authority may defer to rates charged in years after the Settlement Rate Period just and reasonable costs and expenses incurred during the Settlement Rate Period directly resulting from the following circumstances: (a) a change in law (not initiated or advocated for by the Authority); (b) named storm events, acts of God or the public enemy, flood, fire, strike, or catastrophic failure of equipment for reasons beyond the Authority's control; (c) significant cyber security attacks or other security attacks outside of the Authority's control; (d) changes in regulatory or governance requirements imposed by the Act 95 legislative process, (e) certain deviations in Central's actual loads (used for allocation of demand costs) as compared to Central's billing determinants used in the Authority's Act 95 Reform Plan, and (f) if the Authority's costs incurred are increased above those in the Authority's Act 95 Reform Plan because the Authority is not permitted to engage in forward hedging of fuel price solely by reason of restrictions imposed by the Act 95 legislative process and solely for the period of such restrictions imposed by the Act 95 legislative process.

The Authority currently expects that projected Revenues using the Settlement Rates described herein will be sufficient to the meet the obligations of the Authority under the Revenue Obligations Resolution. To date, the Board has not approved any related deferrals.

Note 16 – Subsequent Events

Tender and Exchange - On February 23, 2022 Santee Cooper closed on the 2022AB tender and exchange transaction which resulted in:

1) selling approximately $931.0 million of 2022 Tax-Exempt Refunding Series A to purchase bonds tendered by investors (purchase from investors $943.0 million of outstanding high-coupon bonds), and

2) exchanging with investors approximately $352.0 million of 2022 Tax-Exempt Refunding Series B for their outstanding high-coupon bonds.

The combination of the 2022A Bonds and the 2022B Bonds will mature in years 2023 – 2055.

Santee Cooper offered to purchase or exchange $2.697 billion in callable bonds for this 2022AB transaction. Santee Cooper received $1.287 billion of combined investor offers – all of which were accepted, for a 47.74% participation rate.

The All-In TIC for this transaction is 3.31% and the refunding produced approximately $378.0 million in gross savings which results in approximately $250.0 million in net present value debt service savings. Savings produced by this transaction will be levelized and this transaction will not increase par or extend the life of the debt. Santee Cooper and Bond Counsel have reviewed the transaction and confirm that it was executed within the parameters approved by the Joint Bond Review Committee.

The Southeast Energy Exchange Market (SEEM) – Effective January 4, 2022, Santee Cooper joined SEEM. SEEM is a unique and new approach to enhancing the existing bilateral market. The new SEEM platform will facilitate sub-hourly, bilateral trading, allowing participants to buy and sell power close to the time the energy is consumed, utilizing available unreserved transmission. Participation in SEEM is open to other entities that meet the appropriate requirements. SEEM is designed to keep pace with the changes resulting from the electricity sector growing toward an ever-greener future. Southeastern electricity customers are expected see cost and environmental benefits as a result of the new platform.

Other founding members of SEEM are expected to include Associated Electric Cooperative, Dalton Utilities, Dominion Energy South Carolina, Duke Energy Carolinas, Duke Energy Progress, Georgia System Operations Corporation, Georgia Transmission Corporation, LG&E and KU Energy, MEAG Power, N.C. Municipal Power Agency No. 1, NCEMC, Oglethorpe Power Corp., PowerSouth, Southern Company and TVA.

The founding members represent nearly 20 entities in 11 states with more than 160,000 MWs (summer capacity; winter capacity is nearly 180,000 MWs) across two time zones. These companies serve the energy needs of more than 32 million retail customers (roughly more than 50 million people).

This Page Intentionally Left Blank

REQUIRED SUPPLEMENTAL FINANCIAL DATA:

Santee Cooper's Proportionate Share of the Net Pension Liability
Required Supplementary Information

Years Ended in June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (%)	**1.28%**	1.28%	1.35%	1.43%	1.43%	1.45%	1.44%	1.45%
Authority's proportion of the net pension liability (millions)	**$278.9**	$327.9	$309.7	$321.8	$323.1	$309.7	$273.6	$249.7
Authority's covered payroll (millions)	**$152.7**	$149.7	$151.1	$156.5	$153.7	$147.7	$140.7	$135.0
Authority's proportion of the net pension liability as a percentage of its covered payroll	**183%**	219%	205%	206%	210%	210%	194%	184%
Plan fiduciary net position as a percentage of the total pension liability	**60.7%**	50.7%	54.4%	54.1%	53.3%	56.9%	59.9%	59.9%

[1] Information is not available for years prior to 2014.

Santee Cooper Pension Plan Contribution
Required Supplementary Information

Years Ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014
				(Millions)				
Required Contributions:								
From the Authority	**$ 22.1**	$ 22.1	$ 20.6	$ 19.8	$ 17.7	$ 15.6	$ 14.8	$ 13.9
From employees	**12.5**	12.9	12.4	12.8	12.6	11.8	11	10.2
Contributions in relation to the required contributions:								
From the Authority	**$22.1**	$ 22.1	$ 20.6	$ 19.8	$ 17.7	$ 15.6	$ 14.8	$ 13.9
From employees	**12.5**	12.9	12.4	12.8	12.6	11.8	11	10.2
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	**138.3**	143.6	138.2	142.3	142.7	140.1	136.4	131.5
Authority's contributions as a percentage of covered payroll	**16.00%**	15.40%	14.90%	13.90%	12.40%	11.10%	10.90%	10.50%

[1] Information is not available for years prior to 2014.

Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement period ending June 30	**2021**	2020	2019	2018
	(Thousands)			
Service Cost	**$ 6,899**	$ 6,821	$ 4,641	$ 5,405
Interest on the total OPEB liability	**9,573**	9,425	10,375	10,073
Difference between expected and actual experience	**7,692**	242	(12,859)	(291)
Changes of Assumptions	**3,975**	(2,717)	44,641	0
Benefit payments	**(9,813)**	(9,351)	(8,937)	(7,253)
Net change in total OPEB liability	**18,326**	4,420	37,861	7,934
Total OPEB liability - beginning	**274,983**	270,563	232,702	224,768
Total OPEB liability - ending (a)	**$ 293,309**	$ 274,983	$ 270,563	$ 232,702
Plan fiduciary net position				
Employer contributions	**$ 18,573**	$ 18,812	$ 27,483	$ 14,455
OPEB plan net investment income	**(1,686)**	5,717	5,501	(120)
Benefit payments	**(9,813)**	(9,351)	(8,937)	(7,253)
OPEB plan administrative expense	**(167)**	(153)	(126)	(104)
Net change in plan fiduciary net position	**6,907**	15,025	23,920	6,978
Plan fiduciary net position - beginning	**98,874**	83,849	59,928	52,950
Plan fiduciary net position - ending (b)	**$ 105,781**	$ 98,874	$ 83,849	$ 59,928
Net OPEB liability - ending (a) - (b)	**$ 187,528**	$ 176,109	$ 186,714	$ 172,774
Plan fiduciary net position as a percentage of total OPEB liability	**36.06%**	35.96%	30.99%	25.75%
Covered-employee payroll	**$148,938,030**	$149,128,347	$149,862,640	156,058,022
Net OPEB liability as a percentage of covered-employee payroll	**125.91%**	118.09%	124.59%	110.71%

[1] Information is not available for years prior to 2018.

Schedule of Contributions
(Thousands)

For December	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual as a % of Covered Payroll
2021	**$ 18,224**	**$ 19,606**	**$ (1,382)**	**$ 149,053**	**13.15%**
2020	$ 18,012	$ 18,898	$ (886)	$ 155,676	12.14%
2019	$ 15,515	$ 17,262	$ (1,747)	$ 154,791	11.15%
2018	$ 15,364	$ 14,455	$ 909	$ 156,059	9.26%

Notes to Schedule:
Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following is the discount rate used in this period:

Fiscal Year Ending	Rate
2021	**3.00%**
2020	3.50%
2019	3.50%
2018	4.50%

Schedule of Investment Returns

Year ended June 30, 2021

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expenses	**(1.63)%**	6.46%	7.96%	(0.21)%

[1] Information is not available for years prior to 2018.

This Page Intentionally Left Blank

Board of Directors

Peter M. McCoy Jr.
Chairman
Charleston, South Carolina

Chairman McCoy is an attorney and the sole proprietor of McCoy Law Group LLC, a firm located in Charleston, and a former U.S. Attorney for the District of South Carolina.

Dan J. Ray
1st Vice Chairman
Georgetown County
Georgetown, S.C.

Director Ray is president of DR Capital Group, a Pawleys Island-based financial advisory and investment company.

David F. Singleton
2nd Vice Chairman
Horry County
Myrtle Beach, S.C.

Director Singleton is president of Singleton Properties, a real estate investment and sales firm.

Kristofer D. Clark
3rd Congressional District
Easley, S.C.

Director Clark is a broker with Easlan Capital and owner of Pristine Properties LLC.

William A. Finn
1st Congressional District
Mount Pleasant, S.C.

Director Finn is a retired chairman of AstenJohnson Inc., a specialty textile company for the printing and papermaking industries based in Charleston.

Merrell W. Floyd
7th Congressional District
Conway, S.C.

Director Floyd is a retired staff coordinator for Horry Electric Cooperative.

J. Calhoun Land IV
6th Congressional District
Manning, S.C.

Director Land is a partner in Land, Parker & Welch, a general practice firm in Manning.

Charles H. "Herb" Leaird
5th Congressional District
Sumter, S.C.

Director Leaird is the former CEO of Black River Electric Cooperative and also served as CEO of Lynches River Electric Cooperative.

Stephen H. Mudge
At-Large
Clemson, S.C.

Director Mudge is the cofounder, president and CEO of Serrus Capital Partners Inc., a Greenville, S.C.-based real estate investment firm.

Peggy H. Pinnell
Berkeley County
Moncks Corner, S.C.

Director Pinnell is the owner of the Peggy H. Pinnell Insurance Agency in Moncks Corner, a State Farm agency.

Barry D. Wynn
4th Congressional District
Spartanburg, S.C.

Director Wynn is president of Colonial Trust Company, a private trust company specializing in investment management and estate services.

Advisory Board

Henry D. McMaster	Governor
Alan Wilson	Attorney General
Mark Hammond	Secretary of State
Richard Eckstrom	Comptroller General
Curtis M. Loftis Jr.	State Treasurer

Leadership

Mark B. Bonsall	President and Chief Executive Officer
Charlie B. Duckworth	Deputy CEO and Chief of Planning and Innovation Officer
Thomas B. Curtis	Chief Generation Officer
Kenneth W. Lott III	Chief Financial and Administration Officer
J. Michael Poston	Chief Customer Officer
Monique L. Washington	Chief Audit and Risk Officer
Pamela J. Williams	Chief Public Affairs Officer and General Counsel

Other Officers

Michael O. Frederick	Chief of Law Enforcement and Security
B. Shawan Gillians	Director of Legal Services and Corporate Secretary
Dominick G. Maddalone	Senior Director of Innovation and Chief Information Officer
Daniel T. Manes	Controller
Suzanne H. Ritter	Treasurer

Notes:

Mark B. Bonsall returned to retirement and his last day at Santee Cooper was Jan. 7, 2022. The Board of Directors named Charlie B. Duckworth as Acting President and CEO for the time period of Jan. 8, 2022, to Feb. 28, 2022, and hired Jimmy D. Staton as President and CEO as of March 1, 2022.

On Oct. 22, 2021, Monique L. Washington's title was changed from Chief Audit Executive to Chief Audit and Risk Officer.

On Nov. 1, 2021, Generation and Fuel operations was combined into one unit and J. Martine "Marty" Watson was named Interim Power Supply Officer and Thomas B. Curtis was named Senior Manager of Transmission Technical Operations. The Board of Directors confirmed Watson as the Chief Power Supply Officer on Dec. 6, 2021.

Office Locations

MONCKS CORNER OFFICE

Santee Cooper Headquarters
1 Riverwood Drive
Moncks Corner, SC 29461
843-761-8000
843-761-4122 (fax)

MYRTLE BEACH OFFICE

1703 Oak St.
Myrtle Beach, SC 29577
843-448-2411
843-626-1923 (fax)

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 2022 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.

"Outstanding" shall mean, as of any date, Obligations issued pursuant to the Revenue Obligation Resolution, except: (1) any Obligations cancelled or paid at or prior to such date; (2) Obligations in lieu of or in substitution for which other Obligations have been delivered pursuant to the Revenue Obligation Resolution; and (3) Obligations the payment of the principal of and interest on which has been made or provided for in compliance with the defeasance provisions of the Revenue Obligation Resolution so as to cancel the lien of the Revenue Obligation Resolution.

"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 or reclamation, 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 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 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. *Subordinated Debt*: To pay, when due, amounts due and owing with respect to the payment of principal and interest on amounts issued under the Note Resolution (See "Junior Lien Obligations" below), including Commercial Paper Notes and the Authority's payment obligations under the CP Reimbursement Agreements and the Revolving Credit Agreements (as such terms are defined in the Official Statement).

4. *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 Systems" or through the ownership or operation of any separate project referred to under the section "System".

Authorization of Obligations

At any time one or more series of 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 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 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

The Authority adopted a resolution on March 20, 2017, and as further amended, modified, restated or supplemented from time to time in accordance with its terms and the terms hereof, (the "Note Resolution") for the issuance of bonds, notes, bond anticipation notes, warrants, certificates or other

obligations or evidences of indebtedness the payment of which shall be made from Revenues and such payment shall be junior and subordinate to the payment of the Obligations.

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 Obligation which shall continue for a period of 30 days; or

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

Remedies

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 Obligations then outstanding may declare the principal of all Obligations and the interest accrued thereon to be immediately due and payable, but such declaration may be rescinded under certain circumstances. The right of the Trustee or of the holders of not less than 25% in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but (i) before any judgment or decree for the payment of moneys due shall have been obtained or entered and has been discharged, (ii) before possession and control of the business and properties of the System have been taken pursuant to the Revenue Obligation Resolution, and (iii) before the Obligations shall have matured by their terms, all overdue installments of interest upon the Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee and the holders of Obligations and their respective agents and attorneys and all other sums then payable by the Authority under the Revenue Obligation Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall either be paid by or for the account

of the Authority or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Obligations or under the Revenue Obligation Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the holders of 25% in principal amount of the Obligations then Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety, or if the Trustee shall have acted without a direction from the holders of not less than a majority in principal amount of the Obligations Outstanding at the time of such request, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the holders of not less than a majority in principal amount of the Obligations then Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority will account, as a trustee of an express trust, for all Revenues and other moneys, securities and funds pledged under the Revenue Obligation Resolution.

Inspection of Authority's Books and Records The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of the Authority shall at all times be subject to the inspection and use of the Trustee and any persons holding at least twenty-five per cent 25% of the principal amount of Obligations Outstanding and of their respective agents and attorneys.

Payment of Funds to Trustee; Application of Revenues

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over to the Trustee, all moneys, securities and funds then held by the Authority.During the continuance of an Event of Default, the Revenues received by the Trustee, or Owners' Committee, as the case may be, whether pursuant to the provisions of the preceding paragraph or any other provision of the Revenue Obligation Resolution, or as the result of taking possession of the business and properties of the System, shall be applied by the Trustee or Owners' Committee, as the case may be, first to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Trustee or Owners' Committee, as the case may be (including the cost of securing the services of any engineer or firm of engineers selected for the purpose of rendering advice with respect to the operation, maintenance, repair and replacement of the System necessary to prevent any loss of Revenues, and with respect to the sufficiency of the rates and charges for power and energy sold, furnished or supplied by the System), and thereafter to the payment of the reasonable and necessary cost of operation, maintenance, repair and replacement of the System.

In the event that at any time the funds held by the Trustee and the Paying Agents for the Obligations shall be insufficient for the payment of the principal of and premium, if any, and interest then due on the Obligations, such funds (other than funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption) and all Revenues and other moneys received or collected for the benefit or for the account of holders of the Obligations by the Trustee shall be applied as follows:

Unless the principal of all of the Obligations shall have become or have been declared due and payable,

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal and premium, if any, of any Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, earliest maturities first, and if the amount available shall not be sufficient to pay in full all the Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

If the principal of all of the Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee and the holders of Obligations, their respective agents and attorneys, and all other sums payable by the Authority under the Revenue Obligation Resolution including the principal and premium, if any, of and accrued unpaid interest on all Obligations which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Revenue Obligation Resolution or the Obligations shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities, funds and Revenues then remaining unexpended in the hands of the Trustee (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of the Revenue Obligation Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under the Revenue Obligation Resolution. No such payment over to the Authority by the Trustee shall extend to or affect any subsequent default under the Revenue Obligation Resolution or impair any right consequent thereon.

Suits at Law or in Equity; Direction of Actions by Owners; Possession of System; Receivership

If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, either in its own name or as trustee of an express trust, or as attorney-in-fact for the holders of the Obligations, or in any one or more of such capacities, by its agents and attorneys, shall be entitled and empowered to proceed forthwith and upon the written request of the holders of not less than 25% of the Obligations then Outstanding shall proceed forthwith to institute such suits, actions and proceedings at law or in equity for the collection of all sums due in connection with the Obligations and to protect and enforce its rights and the rights of the holders of the Obligations under the Revenue Obligation Resolution for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights, or to perform any of its duties under the Revenue Obligation Resolution. The Trustee shall be entitled and empowered either in its own name or as a trustee of an express trust, or as an attorney-in-fact for the holders of the Obligations, or in one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable

in order to have the claims of the Trustee and of the holders of the Obligations allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings relative to the Authority. For this purpose the Trustee is hereby irrevocably appointed the true and lawful attorney-in-fact of the respective holders of the Obligations (and the successive holders of the Obligations by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) with authority to make and file in the respective names of the holders of the Obligations any such proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings, and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all acts and things for and on behalf of the holders of the Obligations as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Trustee and of the holders of the Obligations allowed in any such proceeding and to receive payment of and on account of such claims; provided, however, that nothing contained in the Revenue Obligation Resolution shall be deemed to give the Trustee any right to accept or consent to any plan or reorganization or compromise or otherwise take any action of any character in any such proceeding to waive or change in any way any right of any holder of Obligations.All rights of action under the Revenue Obligation Resolution may be enforced by the Trustee without the possession of any of the Obligations or the production thereof on the trial or other proceedings.

The holders of not less than a majority in principal amount of the Obligations at the time Outstanding, may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee.

At any time after the occurrence of an Event of Default and prior to the curing of such Event of Default, whether or not the principal of and premium, if any, and interest accrued on all the Revenue Obligations Outstanding shall have been declared immediately due and payable as a result of such Event of Default, the Trustee, as a matter of right against the Authority, without notice of demand, and without regard to the adequacy of the security for the Obligations shall, to the extent permitted by law, be entitled to take possession and control of the business and properties of the System. Upon taking such possession, the Trustee shall operate and maintain the System, make any necessary repairs, renewals and replacements in respect thereof, prescribe rates and charges for power and energy sold, furnished or supplied through the facilities of the System, collect the gross revenues resulting from the operation of the System, and perform all of the agreements and covenants contained in all contracts which the Authority is at the time obligated to perform. At any 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, including the power to perform and enforce all contracts, to the same extent that the Authority shall then be entitled and obligated to do; provided, however, that, notwithstanding the happening of an Event of Default, the rights and obligations of the parties to such contracts not in default shall not be affected by such happening of an Event of Default. Notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from any moneys, securities, funds and Revenues deposited or pledged with it under the Revenue Obligation Resolution or agreed or provided to be delivered to or deposited or pledged with it under the Revenue Obligation Resolution.

Suits by Individual Owners

No holder of any of the Obligations shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Revenue Obligation Resolution or the execution of any trust under the Revenue Obligation Resolution or for any remedy under the Revenue Obligation Resolution unless such holder previously shall have given to the Trustee written notice of the Event of Default, on account of which such suit, action or proceeding is to be instituted, and unless, also,

the holders of not less than 25% in aggregate principal amount of the Obligations then Outstanding shall have filed a written request with the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for a period of 60 days after the receipt by it of such notice, request and offer to indemnify shall have failed to proceed to exercise such powers or to institute any such action, suit or proceeding, and no direction inconsistent with such written request shall have been given to the Trustee pursuant the Revenue Obligation Resolution; it being understood and intended that, except as otherwise above provided, no one or more holders of the Obligations shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the pledge created by the Revenue Obligation Resolution, or to enforce any right under the Revenue Obligation Resolution except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided for the benefit of holders of such Revenue Outstanding Obligations.In the event that the Trustee shall have failed or refused to comply with the aforesaid request after having been offered such security and indemnity, the holders of not less than 20% in principal amount of the Obligations then Outstanding may call a meeting of the holders of Obligations for the purpose of electing an Owners' Committee. At such meeting the holders of not less than a majority of the principal amount of the Obligations then Outstanding must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting. A quorum being present at the meeting, the holders of Obligations present in person or by proxy may, by the votes cast by the holders of a majority in principal amount of the Obligations so present in person or by proxy, elect one or more persons who may or may not be holders of Obligations to the Owners' Committee which shall act as trustee for all holders of Obligations. The holders of Obligations present in person or by proxy at such meeting, or at any adjourned meeting thereof, shall prescribe the manner in which the successors of the persons elected to the Owners' Committee at such meeting shall be elected or appointed, and may prescribe rules and regulations governing the exercise by the Owners' Committee of the powers conferred upon it in the Revenue Obligation Resolution, and may provide for the termination of the existence of the Owners' Committee. The Owners' Committee may, with the consent of the holders of more than 50% of the principal amount of Obligations Outstanding, remove the Trustee.

Nothing in the Revenue Obligation Resolution or in the Obligations shall affect or impair the obligation of the Authority to pay at the respective dates of maturity and places therein expressed the principal of and premium, if any, and interest on the Obligations to the respective holders thereof in accordance with the terms and conditions thereof and of the Revenue Obligation Resolution, or affect or impair the rights of action, which are absolute and unconditional, of any holder to enforce the payment of his Obligations in accordance with the terms and conditions thereof and of the Revenue Obligation Resolution, or to institute action upon and reduce to judgment his claim against the Authority for the payment of the principal and interest on his Obligations, without reference to, or consent of, the Trustee or any other holder of Obligations.

Notice of Events of Default

The Trustee shall, within 90 days after the occurrence of an Event of Default, give to the holders of Obligations notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of principal (whether at maturity or date of mandatory redemption) of and premium, if any, and interest on any of the Obligations, the Trustee shall be protected in withholding such notice if and so long as its board of directors, the executive committee, or a trust committee in good faith determines that the withholding of such notice is in the interests of the holders of Obligations.

Owners' Meetings

The Authority, the Trustee or the holders of not less than 20% in principal amount of the Obligations then Outstanding may at any time call a meeting of the holders of the Obligations. Every such meeting shall be held at such place as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be submitted, shall be mailed to the holders of Obligations by the Authority, the Trustee or the holders of Obligations calling. The procedures and other provisions relating to such Owner's meeting and Owner's Committee are set forth in the Revenue Obligation Resolution.**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 Obligations may be made with the consent of the Authority and written consent of the holders of not less than a majority of the 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 Obligation, or reduce the principal amount of or interest rate on any such 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 Obligation may first be called for redemption; or (ii) reduce the percentage of Obligations the holders of which are required to consent to any amendment to the Revenue Obligation Resolution; or (iii) give any Obligation or Obligations any preference over any other Obligation or Obligations or reduce the payments required to be made to the Revenue Obligation Fund, without the consent of the holders of all the Obligations affected thereby.

Defeasance

The obligations of the Authority under the Revenue Obligation Resolution shall be fully discharged and satisfied as to any Obligation and such 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 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 Obligation shall no longer be secured by or entitled to the benefits of the Revenue Obligation Resolution; provided that, with respect to 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.

[Remainder of page intentionally left blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The information set forth in this APPENDIX C concerning DTC and DTC's book-entry system is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information in this APPENDIX C concerning DTC has been obtained from sources that the Authority believes to be reliable. No representation is made herein by the Authority or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement. The Authority will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in the 2022 Bonds held through the facilities of DTC or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

So long as Cede & Co. is the registered owner of the 2022 Bonds, as nominee for DTC, references herein and in the Revenue Obligation Resolution to the Holders, Bondholders, registered owners or owners (or similar terms) of the 2022 Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2022 Bonds.

DTC Book-Entry-Only System

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2022 Bonds. The 2022 Bonds will be issued initially as fully-registered 2022 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 each Series of the 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

Beneficial ownership interests in the 2022 Bonds will be available only in book-entry form. Beneficial Owners of the 2022 Bonds ("Beneficial Owners") will not receive physical bond certificates representing their interests in the 2022 Bonds purchased. So long as DTC or its nominee is the registered owner of the 2022 Bonds, references in this Official Statement to the Owners of the 2022 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 2022 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS ON THE 2022 BONDS TO DTC PARTICIPANTS (AS HEREIN DEFINED) OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2022 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 2022 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 an S&P rating of 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 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2022 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 2022 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 2022 Bonds, except in the event that use of the book-entry only system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all of the 2022 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 2022 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 2022 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 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 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of the 2022 Bonds may wish to ascertain that the nominee holding the 2022 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 2022 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2022 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2022 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 2022 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal, and interest payments on the 2022 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 2022 Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent, and shall effect delivery of such 2022 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2022 Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of the 2022 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2022 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2022 Bonds to the Registrar and Paying Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2022 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, 2022 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 such event, 2022 Bond certificates will be printed and delivered.

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 2022 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 2022 BONDS TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL REDEMPTION OF THE 2022 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER

ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2022 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.

Global Clearance Procedures

THE INFORMATION IN THIS SECTION CONCERNING DTC, EUROCLEAR BANK SA/NV AS OPERATOR OF THE EUROCLEAR SYSTEM ("EUROCLEAR") AND CLEARSTREAM BANKING, S.A., LUXEMBOURG ("CLEARSTREAM BANKING") (DTC, EUROCLEAR AND CLEARSTREAM BANKING TOGETHER, THE "CLEARING SYSTEMS"), AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN PROVIDED BY DTC, EUROCLEAR AND CLEARSTREAM BANKING FOR USE IN DISCLOSURE DOCUMENTS SUCH AS THIS OFFICIAL STATEMENT.

DTC WILL ACT AS THE INITIAL SECURITIES DEPOSITORY FOR THE 2022 BONDS. EUROCLEAR AND CLEARSTREAM BANKING ARE PARTICIPANTS OF DTC AND FACILITATE THE CLEARANCE AND SETTLEMENT OF SECURITIES TRANSACTIONS BY ELECTRONIC BOOK-ENTRY TRANSFER BETWEEN THEIR RESPECTIVE ACCOUNT HOLDERS.

THE INFORMATION SET FORTH BELOW IS SUBJECT TO ANY CHANGE IN OR REINTERPRETATION OF THE RULES, REGULATIONS AND PROCEDURES OF THE CLEARING SYSTEMS CURRENTLY IN EFFECT AND THE AUTHORITY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY TO UPDATE THIS OFFICIAL STATEMENT TO REFLECT ANY SUCH CHANGES. THE INFORMATION HEREIN CONCERNING THE CLEARING SYSTEMS HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT NEITHER THE AUTHORITY NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH HEREIN. INVESTORS WISHING TO USE THE FACILITIES OF ANY OF THE CLEARING SYSTEMS ARE ADVISED TO CONFIRM THE CONTINUED APPLICABILITY OF THE RULES, REGULATIONS AND PROCEDURES OF THE RELEVANT CLEARING SYSTEM. THE AUTHORITY AND THE UNDERWRITERS WILL NOT HAVE ANY RESPONSIBILITY OR LIABILITY FOR ANY ASPECT OF THE RECORDS RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BENEFICIAL OWNERSHIP INTERESTS IN THE 2022 BONDS HELD THROUGH THE FACILITIES OF ANY CLEARING SYSTEM OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO SUCH BENEFICIAL OWNERSHIP INTERESTS.

THE AUTHORITY CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT (1) DTC WILL DISTRIBUTE PAYMENTS OF DEBT SERVICE ON THE BONDS, OR REDEMPTION OR OTHER NOTICES, TO PARTICIPANTS OF THE CLEARING SYSTEMS ("PARTICIPANTS") (2) PARTICIPANTS OR OTHERS WILL DISTRIBUTE DEBT SERVICE PAYMENTS PAID TO DTC OR ITS NOMINEE (AS THE REGISTERED OWNER OF THE BONDS), OR REDEMPTION OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR (3) DTC OR THE OTHER CLEARING SYSTEMS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS (HEREINAFTER DEFINED) ARE ON FILE WITH DTC.

Global Clearing Procedures

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking have advised as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

Any 2022 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the 2022 Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction

meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Authority will not impose any fees in respect of holding the 2022 Bonds; however, holders of book-entry interests in the 2022 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the 2022 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the 2022 Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the 2022 Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the 2022 Bonds against payment (value as on the date of delivery of the 2022 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2022 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the 2022 Bonds following confirmation of receipt of payment to the Authority on the date of delivery of the 2022 Bonds.

Secondary Market Trading

Secondary market trades in the 2022 Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2022 Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the 2022 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 2022 Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2022 Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2022 Bonds, or to receive or make a payment or delivery of 2022 Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information

The Authority and the Underwriters expect that the 2022 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The international securities identification number, common code and CUSIP number for the 2022 Bonds are set out on the cover page of this Official Statement.

General

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Authority, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the 2022 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Authority and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the 2022 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the 2022 Bonds, references in this Official Statement to registered owners of the 2022 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2022 Bonds.

Because DTC is treated as the owner of the 2022 Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Authority or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2022 Bonds that may be transmitted by or through DTC.

The Authority will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any 2022 Bonds;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any notice with respect to any 2022 Bonds including, without limitation, any notice of redemption with respect to any 2022 Bonds;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any 2022 Bonds; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the Authority and the Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the 2022 Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the 2022 Bonds;
- giving notices of redemption and other matters with respect to the 2022 Bonds;
- registering transfers with respect to the 2022 Bonds; and
- the selection of 2022 Bonds for redemption.

[Remainder of page intentionally left blank]

APPENDIX D

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

State of South Carolina Economy

The Authority's customers and energy sales are supported by the general economic activity and demographic makeup of South Carolina. This section presents information regarding certain economic and demographic information about the State. This data is intended only to provide prospective investors with general information regarding the State's economy. The information as obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. Although the Authority considers the sources to be reliable, the Authority has made no independent verification of the information provided by non-Authority sources and does not warrant its accuracy.

The 2022 Bonds and other indebtedness of the Authority are not indebtedness of the State, nor any political subdivision thereof, and neither the State not any political subdivision thereof shall be liable thereon, nor shall they be payable from any funds other than the Revenues of the Authority pledged to the payment thereof.

In 2021, the principal contributors to the State's gross domestic product were financial activities (19.3%) and manufacturing (15.1%), followed by government (14.7%). During the years 2020-2021, the biggest contributors to the growth in the State's gross domestic product were mining, quarrying, and oil gas extraction (71.2% compound annual growth rate), agriculture, forestry, fishing and hunting (46% compound annual growth rate) and arts, entertainment, recreation, accommodation, and food services (25.8% compound annual growth rate). The State's total gross domestic product grew at a compound annual growth rate of 2.2% versus 1.7% for southeastern states, and 1.8% for the nation from 2017-2021. The table below provides the State's Real Gross Domestic Product for years 2017 through 2021.

Total GDP ($ in millions)
2017: $202,494.3
2018: $207,772.7
2019: $212,482.8
2020: $208,480.5
2021: $220,689.0

Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Personal Income. In 2021, the State's per capital personal income increased to $52,074 or 6.6% over 2020, compared to increases of 7.5% for southeastern states and 7.3% for the nation. The State's per capita personal income in 2021 was 82.1% of the national per capita personal income (compared to the 82.6% in 2020) and 92.8% of the Southeast (compared to 93.5% in 2020). The following table sets forth information on personal income (expressed in millions) for the State since 2010.

Year	Total Personal Income	Per Capita Personal Income
2010	$ 152,230.5	$ 32,852
2011	160,767.4	34,479
2012	169,185.2	35,989
2013	171,617.2	36,204
2014	182,832.6	38,152
2015	194,364.1	40,053
2016	202,215.4	41,178
2017	212,626.3	42,819
2018	222,564.7	44,326
2019	234,443.7	46,173
2020	250,573.6	48,838
2021	270,299.2	52,074

Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Population. The State's population estimate in 2021 was 5,190,705, or 1.4% over 2020, compared to increases of 0.6% for the South and 0.1% for the nation. The table below shows the population estimates (expressed in thousands) of the State since 2009.

Year	Population
2010	4,635
2011	4,671
2012	4,717
2013	4,764
2014	4,823
2015	4,891
2016	4,957
2017	5,021
2018	5,084
2019	5,148
2020	5,118
2021	5,190

Source: *U.S. Census Bureau.*

[Remainder of page intentionally left blank]

Employment. Over the period from July 2010 to July 2022, the compounded annual employment growth rate in South Carolina was higher than in the South Atlantic and in the nation. The table below shows the (seasonally adjusted) nonagricultural employment in South Carolina, the South Atlantic and the United States for such period.

	Employment (in thousands)		**Compounded Annual Growth**
	2010	**2022**	**2010-2022**
South Carolina	1,818	2,233	1.72%
South Atlantic	29,516	32,724	1.40%
United States	130,427	152,429	1.30%

Source: *U.S. Department of Commerce, Bureau of Labor Statistics.*

The State's (seasonally adjusted) nonagricultural employment increased 3.71% from July 2021 to July 2022. The trade, transportation and utilities sector is the largest employment sector in South Carolina as of July 2022, accounting for 19.5% of the State's nonagricultural employment, as compared to 19% in 2010. In July 2022, the State's (non-seasonally adjusted) nonagricultural employment level reached 2,236,400 people employed.

From July 2021 to July 2022, the State's economy has gained 79,900 (seasonally adjusted) nonagricultural jobs. Industries with strong growth were reported in the Trade, Transportation, and Utilities (+22,700); Leisure and Hospitality (+19,900); Government (+9,300); Manufacturing (+7,700); Financial Activities (+5,700); Other Services (+5,200); Professional and Business Services (+4,600); Education and Health Services (+3,200) and Information (+2,500). There was a decline noticed in the Construction Industry (-1,200) industry.

The State's (seasonally adjusted) unemployment rate was 4.0% in 2021 and is 3.2% as of July 2022, a decrease of 0.9%. The table below shows the State's unemployment rate since 2010.

Year	**Unemployment Rate**
2010	11.3%
2011	10.4%
2012	9.0%
2013	7.4%
2014	6.3%
2015	5.9%
2016	4.9%
2017	4.2%
2018	3.4%
2019	2.8%
2020	6.0%
2021	4.0%

Source: *U.S. Department of Labor, Bureau of Labor Statistics.*

Customer Growth Initiatives

The Authority's business growth initiatives revolve around four strategic initiatives – marketing, product development, project management and competitive rates. The Authority is marketing to industrial and commercial properties that are served directly by the Authority and its cooperative and municipal customers. Product development activities include the creation and/or improvement of industrial properties,

the acquisition of property, expansion of infrastructure into industrial properties, and/or constructing buildings for industrial uses. Since June 2012, the Authority has invested over $106 million throughout South Carolina in product development through a low-interest revolving loan pool to public entities. In addition, the Authority has utilized two additional funds to further improve the readiness of industrial sites in cooperative and municipal customers' territories, which have committed more than $46.7 million in local site investment since 2014.

[Remainder of page intentionally left blank]

APPENDIX E

PROPOSED FORMS OF BOND COUNSEL APPROVING OPINION

Proposed Form of Opinion for the Tax-Exempt Bonds

November 15, 2022

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

Re: $36,640,000 South Carolina Public Service Authority Revenue Obligations, 2022 Tax-Exempt Refunding Series C
$390,000,000 South Carolina Public Service Authority Revenue Obligations, 2022 Tax-Exempt Improvement Series E

Ladies and Gentlemen:

We have acted as bond counsel to South Carolina Public Service Authority (the "Authority") in connection with the issuance of $36,640,000 South Carolina Public Service Authority Revenue Obligations, 2022 Tax-Exempt Refunding Series C, and $390,000,000 South Carolina Public Service Authority Revenue Obligations, 2022 Tax-Exempt Improvement Series E, each dated November 15, 2022 (the "2022CE Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The 2022CE Bonds are issued pursuant to Title 58, Chapter 31, Code of Laws of South Carolina 1976, as amended, a resolution of the Authority's Board of Directors (the "Board") adopted April 26, 1999 entitled: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY", as amended and supplemented from time to time, unless the context shall clearly indicate otherwise (the "Master Resolution"), a "FIFTY-FOURTH SERIES AND SUPPLEMENTAL RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY SUPPLEMENTING A RESOLUTION OF THE SAID BOARD OF DIRECTORS ADOPTED APRIL 26, 1999 ENTITLED: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY" AND AUTHORIZING THE ISSUANCE OF $36,640,000 SOUTH CAROLINA PUBLIC SERVICE AUTHORITY REVENUE OBLIGATIONS, 2022 TAX-EXEMPT REFUNDING SERIES C, PURSUANT AND SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS OF THE SAID RESOLUTION" adopted by the Board on November 9, 2022 (the "Fifty-Fourth Supplemental Resolution"), and a "FIFTY-SIXTH SERIES AND SUPPLEMENTAL RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY SUPPLEMENTING A RESOLUTION OF THE SAID BOARD OF DIRECTORS ADOPTED APRIL 26, 1999 ENTITLED: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY" AND AUTHORIZING THE ISSUANCE OF $390,000,000 SOUTH CAROLINA PUBLIC SERVICE AUTHORITY REVENUE OBLIGATIONS, 2022 TAX-EXEMPT IMPROVEMENT SERIES E, PURSUANT AND SUBJECT TO

THE TERMS, CONDITIONS AND LIMITATIONS OF THE SAID RESOLUTION" adopted by the Board on November 9, 2022 (the "Fifty-Sixth Supplemental Resolution", together with the Fifty-Fourth Supplemental Resolution and the Master Resolution, the "Resolution"). All capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Resolution.

Regarding questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is validly existing as a body corporate and politic of the State of South Carolina with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the 2022CE Bonds.

2. The Resolution has been duly adopted by the Authority, and constitutes a valid and binding obligation of the Authority enforceable against the Authority.

3. The Resolution creates a valid lien on the Revenues for the security of the 2022CE Bonds on a parity with other bonds (if any) issued or to be issued under the Resolution of similar lien priority.

4. The 2022CE Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Resolution.

5. Interest on the 2022CE Bonds is excludable from gross income for federal income tax purposes. Interest on the 2022CE Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); however, for tax years beginning after December 31, 2022, interest on the 2022CE Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. The tax opinion set forth in the preceding two sentences is subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to the issuance of the 2022CE Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2022CE Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2022CE Bonds.

6. It is also our opinion that, under existing laws of the State of South Carolina, the 2022CE Bonds and the interest thereon are presently exempt from all taxation in said State or any political subdivision thereof, except estate or other transfer taxes and certain franchise taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the 2022CE Bonds.

The rights of the owners of the 2022CE Bonds and the enforceability of the 2022CE Bonds and the Resolution are 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.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement relating to the 2022CE Bonds, or regarding the perfection or priority of the lien on Revenues or other funds created by the Resolution. We note that, unless perfected, the lien on Revenues may not be effective.

Further, we express no opinion regarding tax consequences arising with respect to the 2022CE Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

BURR & FORMAN LLP

[Remainder of page intentionally left blank]

Proposed Form of Opinion for the Taxable Bonds

November 15, 2022

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

Re: $134,850,000 South Carolina Public Service Authority Revenue Obligations, 2022 Taxable Refunding Series D
$60,000,000 South Carolina Public Service Authority Revenue Obligations, 2022 Taxable Improvement Series F

Ladies and Gentlemen:

We have acted as bond counsel to South Carolina Public Service Authority (the "Authority") in connection with the issuance of $134,850,000 South Carolina Public Service Authority Revenue Obligations, 2022 Taxable Refunding Series D, and $60,000,000 South Carolina Public Service Authority Revenue Obligations, 2022 Taxable Improvement Series F, each dated November 15, 2022 (the "2022DF Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The 2022DF Bonds are issued pursuant to Title 58, Chapter 31, Code of Laws of South Carolina 1976, as amended, a resolution of the Authority's Board of Directors (the "Board") adopted April 26, 1999 entitled: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY", as amended and supplemented from time to time, unless the context shall clearly indicate otherwise (the "Master Resolution"), a "FIFTY-FIFTH SERIES AND SUPPLEMENTAL RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY SUPPLEMENTING A RESOLUTION OF THE SAID BOARD OF DIRECTORS ADOPTED APRIL 26, 1999 ENTITLED: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY" AND AUTHORIZING THE ISSUANCE OF $134,850,000 SOUTH CAROLINA PUBLIC SERVICE AUTHORITY REVENUE OBLIGATIONS, 2022 TAXABLE REFUNDING SERIES D, PURSUANT AND SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS OF THE SAID RESOLUTION" adopted by the Board on November 9, 2022 (the "Fifty-Fifth Supplemental Resolution"), and a "FIFTY-SEVENTH SERIES AND SUPPLEMENTAL RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY SUPPLEMENTING A RESOLUTION OF THE SAID BOARD OF DIRECTORS ADOPTED APRIL 26, 1999 ENTITLED: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY" AND AUTHORIZING THE ISSUANCE OF $60,000,000 SOUTH CAROLINA PUBLIC SERVICE AUTHORITY REVENUE OBLIGATIONS, 2022 TAXABLE IMPROVEMENT SERIES F, PURSUANT AND SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS OF THE SAID RESOLUTION" adopted by the Board on November 9, 2022 (the "Fifty-Seventh Supplemental Resolution", together with the Fifty-Fifth Supplemental Resolution and the Master Resolution, the "Resolution"). All capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Resolution.

Regarding questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is validly existing as a body corporate and politic of the State of South Carolina with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the 2022DF Bonds.

2. The Resolution has been duly adopted by the Authority, and constitutes a valid and binding obligation of the Authority enforceable against the Authority.

3. The Resolution creates a valid lien on the Revenues for the security of the 2022DF Bonds on a parity with other bonds (if any) issued or to be issued under the Resolution of similar lien priority.

4. The 2022DF Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Resolution.

5. It is also our opinion that, under existing laws of the State of South Carolina, the 2022DF Bonds and the interest thereon are presently exempt from all taxation in said State or any political subdivision thereof, except estate or other transfer taxes and certain franchise taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the 2022DF Bonds.

Except as expressly stated above, we express no opinion regarding any federal or state income tax consequences of acquiring, carrying, owning, or disposing of the 2022DF Bonds. Owners of the 2022DF Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2022DF Bonds, which may include original issue discount, original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The rights of the owners of the 2022DF Bonds and the enforceability of the 2022DF Bonds and the Resolution are 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.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement relating to the 2022DF Bonds, or regarding the perfection or priority of the lien on Revenues or other funds created by the Resolution. We note that, unless perfected, the lien on Revenues may not be effective. Further, we express no opinion regarding tax consequences arising with respect to the 2022DF Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

BURR & FORMAN LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered as of the 15th day of November, 2022, 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 (i) its $36,640,000 Revenue Obligations, 2022 Tax-Exempt Refunding Series C (the "2022C 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, including as supplemented by the Fifty-Fourth Series and Supplemental Resolution adopted by the Board of Directors of the Authority on November 9, 2022, (ii) its $134,850,000 Revenue Obligations, 2022 Taxable Refunding Series D (the "2022D 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, including as supplemented by the Fifty-Fifth Series and Supplemental Resolution adopted by the Board of Directors of the Authority on November 9, 2022, (iii) its $390,000,000 Revenue Obligations, 2022 Tax-Exempt Improvement Series E (the "2022E 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, including as supplemented by the Fifty-Sixth Series and Supplemental Resolution adopted by the Board of Directors of the Authority on November 9, 2022, and (iv) its $60,000,000 Revenue Obligations, 2022 Taxable Improvement Series F (the "2022F Bonds" and together with the 2022C Bonds, the 2022D Bonds and the 2022E Bonds, the "2022 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, including as supplemented by the Fifty-Seventh Series and Supplemental Resolution adopted by the Board of Directors of the Authority on November 9, 2022 (collectively, 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 2022 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 2022 Bonds (including persons holding 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2022 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 Underwriters" shall mean J.P. Morgan Securities LLC, BofA Securities, Inc., Barclays Capital Inc., American Veterans Group, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, TD Securities (USA) LLC and Wells Fargo Bank, National Association, which are the original underwriters of the 2022C Bonds, 2022D Bonds, 2022E Bonds and the 2022F Bonds, and are required to comply with the Rule in connection with the offering of the 2022 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, 2022, 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 REQUIREMENTS," "HISTORICAL SALES - Historical Demand, Sales and Revenues," and "FINANCIAL INFORMATION - Historical Annual Operating Results" contained in the Official Statement of the Authority dated November 9, 2022, prepared in connection with the issuance of the 2022 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) Century Aluminum of South Carolina, Inc., formerly 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 first, fourth and fifth paragraphs under the caption "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES — Existing Generating Facilities – *Performance Indicators*", (C) the data set forth in the Official Statement under the caption "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES — Existing Generating Facilities — *Summer Nuclear Unit 1*" and (D) the data set forth in the Official Statement in the first paragraph under the caption "POWER SUPPLY, POWER MARKETING, PLANNING AND OTHER FACILITIES — 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 2022 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2022C Bonds or 2022E Bonds, or other material events affecting the tax status of the 2022 Bonds;
7. modifications to the rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. defeasance of any of the 2022 Bonds;
10. release, substitution or sale of property securing repayment of the 2022 Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Authority;
13. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee, or the change of name of a trustee, if material;
15. incurrence of a financial obligation[1] of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

(b) The Obligation Fund Trustee shall, within three (3) 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 report the event or notify the Dissemination Agent 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 and the Dissemination Agent in writing. Such notice shall (i) instruct the Dissemination Agent to report the occurrence, or (ii) inform the Obligation Fund Trustee and the Dissemination Agent 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 2022 Bonds. If such termination occurs prior to the final maturity of the 2022 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.

---

(1) For purposes of the events identified in Sections 5(a)(15) and (16), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the National Repository consistent with the Rule.

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 (including, but not limited to, any Annual 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 in writing 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 2022 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 2022 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 2022 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 2022 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. Prior to executing any amendment to or waiver of this Disclosure Agreement, there shall be delivered to the Obligation Fund Trustee an opinion of counsel, upon which the Obligation Fund Trustee shall conclusively rely, to the effect that such amendment or waiver is authorized or permitted pursuant to the terms of Section 9 of this Disclosure Agreement.

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 Underwriters or the holders of at least 25% aggregate principal amount of Outstanding 2022 Bonds, and receiving indemnification satisfactory to the Obligation Fund Trustee, shall at the expense of the Authority), or any holder or Beneficial Owner of the 2022 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. The Authority acknowledges and agrees that each of the rights, protections and indemnifications provided to the Obligation Fund Trustee under the Revenue Obligation Resolution shall also be afforded to the Obligation Fund Trustee with respect to this Disclosure Agreement.

SECTION 12. Governing Law. The provisions of this Disclosure Agreement shall be governed by the laws of the State of South Carolina, without regard to conflict of law principles.

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: ______________________________

Its: Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Obligation Fund Trustee

By: ______________________________

Its: Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	South Carolina Public Service Authority
Name of Bond Issue:	Revenue Obligations, 2022 Tax-Exempt Refunding Series C (the "2022C Bonds"), 2022 Taxable Refunding Series D (the "2022D Bonds"), 2022 Tax-Exempt Improvement Series E (the "2022E Bonds") and 2022 Taxable Improvement Series F (the "2022F Bonds")
Date of Issuance:	November 15, 2022

NOTICE IS HEREBY GIVEN that South Carolina Public Service Authority (the "Authority") has not provided an Annual Report with respect to the above-named 2022C Bonds, 2022D Bonds, 2022E Bonds and 2022F Bonds as required by Section 5.06 of each of the Fifty-Fourth Series and Supplemental Resolution, Fifty-Fifth Series and Supplemental Resolution, Fifty-Sixth Series and Supplemental Resolution and Fifty-Seventh Series and Supplemental Resolution authorizing the 2022C Bonds, 2022D Bonds, 2022E Bonds and the 2022F Bonds, respectively. The Authority anticipates that the Annual Report will be filed by ____________________.

Dated: ____________________

____
Trustee on behalf of Authority

cc: The Authority

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

SPECIMEN

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP.

By ___________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

South Carolina Public Service Authority • Revenue Obligations, 2022 Tax-Exempt Refunding Series C,
2022 Taxable Refunding Series D, 2022 Tax-Exempt Improvement Series E and 2022 Taxable Improvement Series F

Printed by: ImageMaster, LLC
www.imagemaster.com