

August 11, 2017

2018 & 2019
RATE REVISION PROCESS

Adopted ✓

Rejected

Postponed

R E S O L U T I O N

WHEREAS, The Board of Directors ("Board") of the South Carolina Public Service Authority (the "Authority") is authorized to establish electric rates pursuant to Section 58-31-30 (13) of the South Carolina Code of Laws; and

WHEREAS, The Board, on March 20, 2017, approved a resolution directing the President and CEO to present to the Board, at its June 26, 2017 meeting, a recommendation concerning proposed revised rate schedules for 2018 and 2019 and a formal process and schedule for consideration of the proposed rate schedules; and

WHEREAS, On June 26, 2017, the Authority presented proposed rate schedules, and a process and schedule for consideration of the proposed rate schedules; and

WHEREAS, The Board, on June 26, 2017, approved a resolution approving a formal process and schedule for consideration of the proposed rate schedules; and

WHEREAS, The Board, on July 27, 2017, approved a resolution authorizing the Authority to enter into a settlement agreement with Toshiba Corporation regarding Toshiba's Guaranty; and

WHEREAS, On July 31, 2017, the Board approved a Resolution which, among other things, suspended construction of the V.C. Summer Units 2 and 3; and

WHEREAS, The Toshiba settlement and suspension of construction of V.C. Summer Units 2 and 3 present changed circumstances which must be evaluated with regard to any future ratemaking decisions; and

WHEREAS, As a result of these changed circumstances, the Executive Management of the Authority has recommended that the Authority withdraw the proposed 2018-2019 rates adjustment proposal and cease the process for consideration of the proposed rates schedule; and

WHEREAS, Executive Management of the Authority has recommended that the Authority develop and present to the Board on October 13, 2017 a revised financial plan and projected financial metrics which consider elimination of future Summer Units 2 & 3 construction costs in customer rates, the possible securitization and monetization of the Toshiba settlement, additional cost reductions that management recommends for the 2018 budget cycle targets and other cost reduction measures determined to support the Authority's credit quality; and

WHEREAS, The Board has considered and appropriately balanced the factors set forth in South Carolina Code Section 58-31-55(A)(3) and has determined that the actions authorized by this Resolution are in the best interests of the Authority; now therefore, be it

RESOLVED, That the Authority is hereby authorized to withdraw the proposed 2018-2019 rate adjustment proposal and cease the process for consideration of the proposed rate schedule; and be it further

RESOLVED, That Executive Management of the Authority will develop and present to the Board on October 13, 2017 a revised financial plan and projected financial metrics which consider the elimination of future construction costs for Summer Units 2 & 3, the possible securitization and monetization of the Toshiba settlement, additional cost reductions that management recommends for the 2018 budget cycle targets and other cost reduction measures necessary to appropriately balance the Authority's credit quality and competitive position; and be it further

RESOLVED, That the President and CEO of the Authority is hereby authorized to take such further actions as may be necessary to carry out the foregoing Resolution.