

South Carolina Public Service Authority



Commercial Paper Memorandum

Price: 100%

Dated May 23, 2017

Revenue Notes, Tax-Exempt CP Sub-Series D

Revenue Notes, Taxable CP Sub-Series DD

All references to the documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other material referenced which may be requested, as described herein. The information and expressions of opinion in this Commercial Paper Memorandum (“Memorandum”) are subject to change without notice after May 23, 2017, and future use of the Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Memorandum since May 23, 2017. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Note Resolution defined below.

The Authority

The South Carolina Public Service Authority (the “Authority”) is a body corporate and politic created by Act No. 887 of the Acts of the State of South Carolina (the “State”) for 1934 and acts supplemental thereto and amendatory thereof (Code of Laws of South Carolina 1976, as amended -- Sections 58-31-10 through 58-31-550) (the “Act”), which, among other things, authorizes the Authority to produce, distribute and sell electric power and to acquire, treat, transmit, distribute and sell water at wholesale. The Authority began electric power operations in 1942. The commercial operation of the regional water system began in October 1994.

Commercial Paper Notes

The Board of Directors of the Authority has by resolution (the “Note Resolution”) authorized the issuance of Revenue Notes (the “Notes”) issued as either tax-exempt notes (the “Tax-Exempt Notes”) or taxable notes (the “Taxable Notes”) of an Authorized Amount, which Authorized Amount is hereby defined as the lesser of (i) twenty percent (20%) of the aggregate Authority debt (including outstanding Notes, outstanding Revolving Credit Notes (but, in the case of the Revolving Credit Notes, only to the extent of any Loan or Loans outstanding thereunder)) and outstanding Alternate 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 of the Banks under the Revolving Credit Agreements and Alternate Variable Rate Financing Agreements; provided, however, any portion of any Notes to be paid on the day of calculation from the proceeds of such Notes shall not be considered outstanding. The Notes are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing (i) Revenue Obligations and (ii) expenses of

operating and maintaining the System, but prior to the payments into the Capital Improvement Fund.

Events of Default and Remedies Under the Note Resolution

So long as any of the Notes, Revolving Credit Notes or Alternate Variable Rate Financing Obligations are outstanding, each of the obligations, duties, limitations and restraints imposed upon the Authority by the Note Resolution shall be deemed to be a covenant between the Authority and every holder of the Notes, Revolving Credit Notes, and Alternate Variable Rate Financing Obligations and the Note Resolution and every provision, representation, warranty and covenant herein shall constitute a contract of the Authority with the holders of the Notes, Revolving Credit Notes and Alternate Variable Rate Financing Obligations.

If any of the following events occur, it is hereby defined as and declared to be and constitutes an “Event of Default”:

(a) Default in the due and punctual payment of any interest on or principal of any Note as the same shall become due and payable; or

(b) Any Bank shall deliver notice of the occurrence of an event of default under any Revolving Credit Agreement or Alternate Variable Rate Financing Agreement to which such Bank is a party; or

(c) The Authority shall violate or fail to perform any of its covenants or agreements contained in the Note Resolution for 30 days; or

(d) An event of default shall have occurred under the Revenue Obligation Resolution, which default shall have resulted in the principal amount of any Revenue Obligation becoming due and payable prior to its stated maturity or which event of default shall have been a default in the payment of principal when due and payable of any Revenue Obligation; or

(e) 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, 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

(f) 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 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 60 days; or

(g) 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, liquidator, 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.

Any holder of a Note may by mandamus or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction, including appointment of a receiver who may enter upon and take possession of the business and properties of the Authority, enforce and compel performance of the Note Resolution and every provision and covenant hereof, including without limiting the generality of the foregoing, the enforcement of the performance of all obligations and duties required to be done or performed by the Authority by the Note Resolution and the applicable laws of the State of South Carolina, including, without limitation, the making and collecting of sufficient rates, rentals, fees or charges for the use and service of the System and the segregation of the Revenues derived from such rates, rentals, fees and charges and the application thereof as provided in the Revenue Obligation Resolution and the Note Resolution. No delay or omission of any holder of any Note to exercise any right, power or remedy accruing upon any Event of Default or upon any failure to perform any of the covenants or agreements of the Authority contained in the Note Resolution or the Notes shall impair any such right, power or remedy, nor shall such delay or omission be construed as a waiver of any such Event of Default or in acquiescence in any such failure, and every right, power and remedy given by the Note Resolution to the holders of the Notes may be executed from time to time and as often as may be deemed expedient by such holders.

Upon the occurrence of an Event of Default any holder of a Note may by an instrument or instruments in writing filed with the Authority appoint a trustee to protect and enforce the rights of such holder; provided, however, that the holders of a majority in principal amount of the Notes outstanding shall, by instrument or instruments in writing delivered to such trustee, have the right to direct and control any and all action taken or to be taken by such trustee.

Requests for copies of the Note Resolution should be directed to Investor Relations M-205, One Riverwood Drive, Moncks Corner, SC 29461 (telephone: (877) 246-3338 or email scbonds@santecooper.com).

Revolving Credit Agreements

To obtain funds if needed to repay the maturing principal amount of Notes issued as sub-series A and AA, B and BB, C and CC, and E and EE the Authority has entered into four Revolving Credit Agreements, each of which has been or may be amended, modified or supplemented from time to time in accordance with its terms (the “JPMorgan Agreement,” the “Wells Fargo Agreement,” the “US Bank Agreement,” and the “TD Bank Agreement,” with JPMorgan Chase Bank (“JP Morgan”), Wells Fargo Bank, National Association (“Wells Fargo”), U.S. Bank National Association (“US Bank”), and TD Bank, N.A. (“TD”), respectively. The JPMorgan Agreement and the Wells Fargo Agreement are each originally dated as of September 1, 2010 and are each scheduled to expire on August 18, 2017, unless earlier terminated, extended or renewed in accordance with their respective terms. The US Bank Agreement is originally dated June 1, 2011 and is scheduled to expire on August 18, 2017, unless earlier terminated, extended or renewed in accordance with its terms. The TD Bank Agreement is originally dated as of November 28, 2012 and is scheduled to expire on November 27, 2018, unless earlier terminated, extended or renewed in accordance with its respective terms. Under the JPMorgan Agreement the Authority may borrow up to \$200,000,000 if funds are needed to repay the maturing principal amount of the sub-series A and AA Notes, under the Wells Fargo Agreement the Authority may borrow up to \$150,000,000 if funds are needed to repay the maturing principal amount of the sub-series B and BB Notes, under the US Bank Agreement the Authority may borrow up to \$150,000,000 if funds are needed to repay the maturing principal amount of the sub-series C and CC Notes, and under the TD Bank Agreement the Authority may borrow up to \$150,000,000 if funds are needed to repay the maturing principal amount of the sub-series E and EE Notes. **The sub-series A, AA, B, BB, C and CC, and E and EE Notes are not being offered hereby.**

Letter of Credit Supporting Sub-Series D and DD Notes

To support the payment when due of the principal of and interest on the sub-series D and DD Notes (the “Series D/DD Notes”), the Authority has entered into a Reimbursement Agreement dated as of May 1, 2017 (the “Reimbursement Agreement”) with Bank of America, N.A. (the “Bank”), pursuant to which the Bank has issued its direct pay letter of credit (the “Letter of Credit”) supporting the Series D/DD Notes for the account of the Authority in favor of the Issuing and Paying Agent, effective May 23, 2017 (the “Closing Date”). The original stated amount of the Letter of Credit is \$222,500,000*, which is the sum of (i) the principal amount of the Series D/DD Notes outstanding on the Closing Date, plus (ii) interest thereon at 15% for a period of 270 days calculated on the basis of a year of 360 days.

Additional information concerning the Bank is set forth in Appendix I attached hereto.

Events of Default and Remedies Under the Reimbursement Agreement

Events of Default. The occurrence of any one or more of the events described below constitutes an event of default (each, an “Event of Default”) under the Reimbursement

* Preliminary, subject to change

Agreement. Capitalized terms used herein under this caption “*Events of Default*” and the caption “*Remedies*” below and not otherwise defined shall have the meaning set forth in the Reimbursement Agreement. Upon the occurrence of an Event of Default, the Bank may exercise the remedies described under “*Remedies*” below.

(a) The Authority shall fail to pay when due any principal of or interest on the Bank Note or the Series D/DD Notes.

(b) The Authority shall fail to pay when due any fee payable to the Bank pursuant to the Fee Letter or any other amount owing under the Reimbursement Agreement and such failure shall continue for three (3) Business Days after written notice thereof has been given to the Authority by the Bank.

(c) Any representation, warranty, certification or statement made by the Authority in the Reimbursement Agreement, the other Related Documents or in any certificate, financial statement or other document delivered pursuant to the Reimbursement Agreement shall prove to have been untrue or incorrect in any material respect when made or reaffirmed, as the case may be.

(d) (i) A breach by the Authority of certain covenants, agreements or conditions contained in the Reimbursement Agreement, (ii) a breach by the Authority of certain covenants contained in the Reimbursement Agreement and the continuation thereof beyond any specifically stated cure period, and if none, then for more than five (5) Business Days after written notice thereof has been given to the Authority by the Bank or (iii) a breach by the Authority of any other covenant or agreement or condition (other than those contained in paragraphs (a) and (b) under “*Events of Default*” above) contained in the Reimbursement Agreement or the Bank Note and the continuation thereof beyond any specifically stated cure period, and if none, then for more than 30 days after written notice thereof has been given to the Authority by the Bank.

(e) (i) Default by the Authority in the payment of any amount due in respect of any Debt owed to the Bank or (ii) default by the Authority in the payment of any principal and interest due in respect of any Note Debt or any Obligation which in each case is secured by a lien on Revenues ranking equal or senior to the lien on Revenues which secures the Series D/DD Notes or (iii) default by the Authority in the payment of any amount due in respect of any other Note Debt or any Obligation (measured in the case of any Interest Rate Swap Agreement, by the Authority’s Exposure thereunder), as and when the same shall become due, or default under any mortgage, agreement or other instrument under or pursuant to which Debt is incurred or issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto, or the occurrence of any act or omission by the Authority under any such mortgage agreement or other instrument which results in such Debt becoming, or being capable of becoming, immediately due and payable (or, with respect to any Interest Rate Swap Agreement, which results in such Interest Rate Swap Agreement being terminated early or being capable of being terminated early). For purposes of this paragraph (e) and paragraph (h) under “*Events of Default*” below, the term “Obligation” shall mean any obligations, issued in any form of debt, authorized by a supplemental resolution of the Authority, including but not limited to bonds, notes, bond anticipations notes and Interest Rate Swap Agreements (but in the case of Interest

Rate Swap Agreements, only as to payment of regularly scheduled payments owed thereunder and not payments due upon termination), which are delivered under the Revenue Obligation Resolution and which are secured by a lien on Revenues that is on parity with or senior to the lien on Revenues that secures the Series D/DD Notes.

(f) The Authority shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall take any corporate action to authorize any of the foregoing, or the Authority or any governmental entity having jurisdiction over the Authority shall have declared a moratorium with respect to all debts of the Authority.

(g) An involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority under any such law.

(h) (i) Any material provision of the Reimbursement Agreement, the Fee Letter, the Note Resolution, the Revenue Obligation Resolution or the Bank Note shall at any time for any reason cease to be valid and binding on the Authority, or shall be declared by any court having jurisdiction over the Authority to be null and void (ii) the validity or enforceability of any material provision of the Reimbursement Agreement, the Fee Letter, the Note Resolution, the Revenue Obligation Resolution or the Bank Note shall be contested by the Authority, (iii) any provision of the Reimbursement Agreement, the Note Resolution, the Revenue Obligation Resolution or the Bank Note relating to (x) the payment of the principal of or interest on the Series D/DD Notes, the Bank Note, any Note Debt or any Obligation or (y) the pledge and lien on the Revenues shall at any time for any reason cease to be valid and binding on the Authority, or shall be declared by any court having jurisdiction over the Authority by a final and nonappealable order to be null and void or (iv) the validity or enforceability of any provision of the Reimbursement Agreement, the Note Resolution, the Revenue Obligation Resolution, the Bank Note or the Series D/DD Notes relating to (x) the payment of principal of or interest on the Series D/DD Notes, the Bank Note, any Note Debt or any Obligation or (y) the pledge of and lien on the Revenues shall be repudiated or contested by the Authority.

(i) The statutory powers of the Authority shall be limited in any way which materially and adversely affects the ability of the Authority to pay or perform any of its obligations or duties under the Reimbursement Agreement and the Bank Note, or the Revenue Obligation Resolution or the Note Resolution shall be modified or amended in any way which is materially adverse to the Bank.

(j) An execution, garnishment, or attachment in an aggregate amount in excess of \$25,000,000 is levied on the Authority that would materially impair its ability to carry on its business.

(k) The Authority shall cease to exist or substantially all of its assets are sold to, or merged or consolidated with, another person or entity.

(l) The occurrence of a default or event of default shall occur under any of the Related Documents (including, without limitation, any “Event of Default” as defined in the Note Resolution), or any other Bank Agreement.

(m) The entry of any final non-appealable judgment against the Authority in an aggregate amount in excess of \$5,000,000 which is not paid within the later of (i) sixty (60) days of becoming final or (ii) the timeframe expressly required by the terms of such judgment.

(n) Any change shall be made in any provision of the Act if such change would materially and adversely affect the ability of the Authority to pay any amount coming due under the Reimbursement Agreement.

(o) The long-term unenhanced ratings on the senior debt of the Authority payable from the Revenues shall be withdrawn or suspended for credit-related reasons by Fitch, S&P or Moody’s, or reduced below “BBB-” or “Baa3” as applicable by Fitch, by S&P or by Moody’s, respectively.

Remedies. Upon the occurrence and continuation of an Event of Default, the Bank, in its sole discretion, may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) by notice to the Authority and the Issuing and Paying Agent, declare the obligations of the Authority under the Reimbursement Agreement to be immediately due and payable, and the same shall thereupon become immediately due and payable (provided that, the obligations of the Authority under the Reimbursement Agreement shall be and become automatically and immediately due and payable without such notice upon the occurrence of an Event of Default described in paragraph (f) or (g) under “*Events of Default*” above), without demand, presentment, protest or further notice of any kind, all of which are hereby expressly waived by the Authority;

(b) may deliver to the Issuing and Paying Agent a notice in the form of Annex H to the Letter of Credit (a “No Issuance Notice”), any Series D/DD Notes issued after delivery of such No-Issuance Notice shall constitute “Excluded Notes” as defined in the Letter of Credit and on the maturity date for the last Series D/DD Note to mature which was issued prior to the delivery of such No-Issuance Notice and upon the Bank’s honoring a Drawing under the Letter of Credit with respect to such Series D/DD Notes, the Letter of Credit shall terminate and be returned to the Bank;

(c) may deliver a notice to the Issuing and Paying Agent in the form of Annex E to the Letter of Credit (a “Final Drawing Notice”) stating that an Event of Default has occurred hereunder, directing that no additional Series D/DD Notes be issued and stating that the Letter of Credit will terminate on the earlier of (i) the tenth day following the delivery of such notice to the Issuing and Paying Agent requesting that the Issuing and Paying Agent make a Drawing under the Letter of Credit in an amount equal to the Maturity Value of all Series D/DD Notes then outstanding and Series D/DD Notes issued after the delivery of the Final Drawing Notice shall constitute “Excluded Notes” as defined in the Letter of Credit and (ii) the date on which the Drawing resulting from the delivery of such notice is honored by the Bank;

(d) may cure any default, event of default or event of nonperformance under the Reimbursement Agreement or under any of the Related Documents which are then still in effect (in which event the Authority shall reimburse the Bank therefor pursuant to the Reimbursement Agreement); or

(e) may exercise any other rights or remedies available under any Related Document which are then still in effect, any other agreement or at law or in equity as and to the extent permitted thereunder.

Upon the occurrence and continuation of an Event of Default, the Letter of Credit Fees shall be increased as provided in the Fee Letter. The rights and remedies of the Bank specified herein are for the sole and exclusive benefit, use and protection of the Bank, and the Bank is entitled, but shall have no duty or obligation to the Authority, the Issuing and Paying Agent, the holders of the Series D/DD Notes or otherwise, (i) to exercise or to refrain from exercising any right or remedy reserved to the Bank hereunder, or (ii) to cause the Issuing and Paying Agent or any other party to exercise or to refrain from exercising any right or remedy available to it under any of the Related Documents.

See APPENDIX I – “CERTAIN INFORMATION CONCERNING BANK OF AMERICA, N.A.”

Form and Terms of Notes

The Notes initially will be registered in the name of The Depository Trust Company (“DTC”) or Cede & Co., its nominee and will be issued in the denominations of \$100,000 or any integral multiple of \$1,000, and shall be dated the date of their issuance. Tax-Exempt Series Notes shall bear interest payable at maturity, determined from time to time as provided below. Taxable Series Notes shall be issued on a discount basis or on an interest-bearing basis, determined from time to time as provided below.

The Notes shall be issued at such times, be sold to such purchasers at such prices, bear interest, mature on such dates and otherwise have such terms and conditions as shall be determined by an Authorized Officer and as shall be set forth in the Instructions to the Issuing and Paying Agent; provided, however, that the Notes:

(i) shall mature not more than 270 days from the date of issuance thereof, but in no event after the Termination Date, including any extensions thereof, and

(ii) shall bear interest at a rate (or, in the case of discounted Taxable Series Notes, effective interest rate) not in excess of the maximum rate (with respect to the Tax-Exempt Series Notes, 12% per annum, and with respect to the Taxable Series Note, 15% per annum) calculated on the basis of a 365-day year (or a 360-day year in the case of Taxable Series Notes).

The principal of and interest on the Notes shall be payable in immediately available funds at the principal office of the Issuing and Paying Agent or any additional paying agent subsequently appointed for such purposes pursuant to the Issuing and Paying Agency Agreement.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, acts as securities depository for the Notes. The Notes are issued as fully registered securities registered in the name of Cede & Co., DTC’s partnership nominee. Fully registered Master Note Certificates dated November 28, 2012, as supplemented have been issued in the aggregate principal amount of Tax-Exempt Series Notes and Taxable Series Notes, respectively, and have been deposited with 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 Notes. 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 a Standard & Poor’s 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 and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("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 Notes 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 Notes, unless the use of the book-entry system for the Note is discontinued.

To facilitate subsequent transfers, all of the Notes 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 Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note Resolution. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Issuing and Paying Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Notes to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuing and Paying Agent 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 Notes are credited on the record date identified in a listing attached to the omnibus proxy.

Payments of principal, interest and any redemption premiums on the Notes 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 Issuing and Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest 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 is DTC's responsibility, 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.

DTC may discontinue providing its services as securities depository with respect to the Notes 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, Note 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 that event, Note certificates will be printed and delivered to DTC.

The Authority and the Issuing 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 Notes, 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 Notes to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Notes; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the Notes, 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.

Ratings

The following are the ratings assigned to the Notes and long-term Revenue Obligations of the Authority:

	Moody's	S&P	Fitch
Commercial Paper Notes	P-1	A-1	F1
Revenue Obligations	A1	AA-	A+

The ratings set forth above reflect only the respective views of such rating agencies, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Notes.

Other Information Concerning the Authority

During the period of the offering of the Notes, the most recent official statement filed by the Authority with the MSRB through EMMA is hereby deemed included in this Memorandum by reference. Copies of such documents may be obtained from the MSRB through EMMA and may also be obtained by contacting the Authority.

Requests for additional information concerning the Authority should be directed to Investor Relations M-205, 1 Riverwood Drive, Moncks Corner, SC 29461 (telephone: (877) 246-3338 or email scbonds@santecooper.com).

Financial Advisor

Public Financial Management, Inc. serves as financial advisor to the Authority with regard to the issuance of the Notes.

Commercial Paper Dealers

Goldman, Sachs & Co., J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, TD Securities (USA) LLC, U.S. Bancorp Investments, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "Dealers") will serve as commercial paper dealers for the offering of the Notes to qualifying investors, pursuant to the terms of the respective Dealer Agreements between the Authority and each of the Dealers. Wells Fargo Securities, LLC ("WFSLLC"), a Dealer for the Notes, utilizes the distribution capabilities of its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. WFSLLC has entered into an agreement (the "WFBNA Distribution Agreement") with its affiliate, Wells Fargo Bank, N.A., acting through its Municipal Products Group ("WFBNA"), for the distribution of municipal securities offerings, including the Notes. Pursuant to the WFBNA Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on WFSLLC's municipal

securities transactions. WFSLLC, WFA and WFBNA are each wholly-owned subsidiaries of Wells Fargo & Company.

Issuing and Paying Agent

U.S. Bank National Association will serve as the Issuing and Paying Agent with respect to the Notes.

Memorandum

The Memorandum is intended for use only in an offering to qualifying investors and is not to be used for any other purpose. It does not purport to provide a complete description of all risks and factors that may be considered by an investor. Qualifying investors include institutional investors and individual investors who customarily purchase commercial paper in denominations of at least \$100,000.

The Memorandum is provided in connection with the sale of the Notes referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Memorandum has been obtained from the Authority, the Banks and other sources which are believed to be reliable.

No dealer, broker, salesman or other person has been authorized by the Authority or the Dealers to give any information or make any representations other than those contained in this Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein speak as of the date hereof unless otherwise noted and are subject to change without notice. Neither the delivery of this Memorandum nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof.

The Notes are exempt from registration under the Securities Act of 1933, as amended.

The short-term ratings in this Memorandum are only accurate as of the date hereof, and do not reflect watch status, if any. The ratings may subsequently be changed or withdrawn, and, therefore, any prospective purchaser should confirm the ratings prior to purchasing the Notes.

This Memorandum contains certain information for quick reference only; it is not a summary of the terms of the Notes. Information essential to the making of an informed decision with respect to the Notes may be obtained in the manner described herein. All references to the documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials referenced which may be obtained in the manner described herein. The information in this Memorandum is subject to change without notice after May 23, 2017, and future use of this Memorandum shall

not otherwise create any implication that there has been no change in the matters referred to in this Memorandum since May 23, 2017.

The Dealers have reviewed the information in this Memorandum 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 Dealers do not guarantee the accuracy or completeness of such information. Neither the information, nor any opinion expressed, constitutes a solicitation by the Dealers of the purchase or sale of any Notes. The information herein will not typically be updated upon each new sale of Notes. Further, the information herein is not intended as a substitution for the investors' own inquiry into the creditworthiness of the Authority, and if applicable, any other party providing credit or liquidity support for the Notes, and investors are encouraged to make such inquiry.

Tax Matters

Federal Income Tax Generally

Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina ("Bond Counsel"), has rendered an opinion that, assuming continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations") and further subject to certain considerations described in "Collateral Federal Tax Considerations" below, under existing statutes, regulations and judicial decisions, interest on the Tax-Exempt Notes is excludable from the gross income of the registered owners thereof for federal income tax purposes. Interest on the Tax-Exempt Notes will not be treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations; however, interest on the Tax-Exempt Notes will be included in the calculation of adjusted current earnings in determining the alternative minimum tax liability of corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the Tax-Exempt Notes or (ii) the inclusion in certain computations of interest that is excluded from gross income.

The opinion of Bond Counsel is limited to matters relating to the authorization and validity of the Tax-Exempt Notes and the tax-exempt status of interest on the Tax-Exempt Notes as described herein. Bond Counsel makes no statement regarding the accuracy and completeness of this Commercial Paper Memorandum.

The opinion of Bond Counsel described above is subject to the condition that the Authority comply with all requirements of the Code and the Regulations, including, without limitation, certain limitations on the use, expenditure and investment of the proceeds of the Tax-Exempt Notes and the obligation to rebate certain earnings on investments of proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Tax-Exempt Exempt Notes in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Notes in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Notes. The opinion of Bond Counsel is

conditioned on compliance by the Authority with such requirements, and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Tax-Exempt Notes.

Collateral Federal Tax Considerations

Prospective purchasers of the Tax-Exempt Notes should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences, and prospective purchasers of Tax-Exempt Notes should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Tax-Exempt Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Tax-Exempt Notes. No prediction can be made concerning future legislation which if passed might adversely affect the tax treatment of interest on the Tax-Exempt Notes. Prospective purchasers of the Tax-Exempt Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The Taxable Notes

The interest on the Taxable Notes is includable in gross income for federal income tax purposes. Prospective purchasers of Taxable Notes should consult their own tax advisors regarding the federal tax consequences of purchasing, owning and disposing of Taxable Notes.

State Tax Exemption

Bond Counsel is of the further opinion that the Notes and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Notes 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 and Taxation as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Notes or the interest thereon under the laws of any other jurisdiction.

Legal Opinion

See APPENDIX II for the form of Legal Opinion of Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina which will be printed on each Note.

APPENDIX I

CERTAIN INFORMATION CONCERNING BANK OF AMERICA, N.A.

Bank of America, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of December 31, 2016, the Bank had consolidated assets of \$1.68 trillion, consolidated deposits of \$1.334 trillion and stockholder's equity of \$206.21 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov> which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon St, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL ON THE NOTES WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER

GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Appendix I is correct as of any time subsequent to the referenced date.

CHARLESTON

COLUMBIA

FLORENCE

GREENVILLE

**Haynsworth
Sinkler Boyd, PA.**

ATTORNEYS AND COUNSELORS AT LAW

APPENDIX II

134 MEETING STREET, THIRD FLOOR (29401-2240)
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September 16, 2010

Board of Directors
South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, South Carolina 29461

Re: South Carolina Public Service Authority Revenue Notes, Tax-Exempt CP Series
South Carolina Public Service Authority Revenue Notes, Taxable CP Series

At your request we have examined into the validity of the issue by South Carolina Public Service Authority, South Carolina (the "Authority"), of the above-captioned obligations (collectively, the "Notes") authorized to be issued and sold from time to time pursuant to the provisions of a resolution adopted by the Board of Directors of the Authority on August 23, 2010 (as amended or supplemented from time to time, the "Resolution"). Capitalized terms used herein and not defined shall have the meaning given to such terms in the Resolution.

We have examined the Constitution and laws of the State of South Carolina, certified copies of the Resolution and other proceedings of the Authority in connection with the issuance of the Notes; and such other papers, instruments, documents and proceedings that we have deemed necessary or advisable.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering memorandum relating to the Notes, and we express no opinion relating thereto (except as to the matters set forth as our opinion in such offering memorandum).

In our opinion, the Notes have been duly authorized in accordance with the Constitution and laws of the State of South Carolina, and upon due execution and receipt of payment therefor the Notes will constitute valid and legally binding obligations of the Authority, payable solely from the Revenues of the Authority's System as provided in the Resolution and subject to prior payments as provided in the Resolution, it being understood that the rights of the holders of the Notes and enforceability thereof may be subject to judicial discretion and valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

South Carolina Public Service Authority

September 16, 2010

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It is also our opinion that the interest on those Notes issued as Tax-Exempt Series Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

It is to be understood that exclusion of the interest on the Tax-Exempt Series Notes from federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code"), is dependent upon compliance by the Authority with certain requirements of the Code throughout the term of the Tax-Exempt Series Notes. Under the Code, failure to comply with such requirements may cause the inclusion of interest on the Tax-Exempt Series Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Tax-Exempt Series Notes. The Authority has covenanted to comply with each such requirement. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

It is also our opinion that, under the laws of the State of South Carolina, the Notes and the interest thereon are presently exempt from all taxation in such State, except for inheritance, estate, transfer or certain franchise taxes.

You may continue to rely on this opinion to the extent (1) there is no change in existing law subsequent to the date of issuance of this opinion and (2) the warranties and representations contained in the Resolution have been complied with.

Very truly yours,