

RESTATED
INTERCHANGE CONTRACT
BETWEEN
SOUTH CAROLINA ELECTRIC & GAS COMPANY
AND
DUKE POWER COMPANY

DATED

Dec. 15, 1992

ARTICLE I

PURPOSE

WHEREAS, SOUTH CAROLINA ELECTRIC & GAS COMPANY ("SCE&G"), a corporation organized and existing under the laws of South Carolina, and DUKE POWER COMPANY ("Duke"), a corporation organized and existing under the laws of North Carolina entered into an Interchange Contract dated August 28, 1956 which is filed with the Federal Energy Regulatory Commission as Duke Power Company Rate Schedule F.E.R.C. No. 8, with seven (7) supplements and as South Carolina Electric & Gas Company Rate Schedule F.E.R.C. No. 10, with seven (7) supplements; and

WHEREAS, the parties entered into subsequent amendments to the Interchange Contract dated July 9, 1970, and December 22, 1978; and

WHEREAS, changed operating conditions have necessitated the revision of this Interchange Contract and the parties desire to modify the Contract as hereinafter set forth and to restate the Contract in its entirety;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the parties agree as follows:

All of the provisions of the Interchange Contract dated August 28, 1956, and the provisions of the Amendments thereto dated July 9, 1970, and December

December 22, 1978, are hereby deleted and the following provisions substituted in lieu thereof:

ARTICLE II

TERM OF CONTRACT

Section 2.1 -- Term:

The term of this Restated Contract shall commence on the 15th day of December, 1992, and shall continue in effect for an initial period of five (5) years, and thereafter shall automatically be extended for succeeding periods of one (1) year each, except that this Restated Contract may be cancelled by either party at the end of said initial period, or any yearly extension thereto, upon written notice to the other party three (3) years prior to the end of the initial period, or yearly extension, or as provided in Section 10.4, or at any time upon mutual written agreement between the parties; provided, however, Service Schedules B-1992, C-1992, D, and E-1992 may be terminated upon six (6) months written notice.

Section 2.2 -- The Restated Contract Constitutes the Entire Agreement:

This Restated Contract constitutes the entire agreement between the parties, and supersedes all contracts or agreements, oral or written, between any of the parties which provide for the interconnection and the interchange of power and energy which may be in force at the time this Restated Contract becomes effective.

ARTICLE III

INTERCONNECTIONS

Section 3.1 -- Interconnections:

Duke and SCE&G agree to construct, maintain and continue in operable condition, facilities to effectively use the interconnections described in Exhibit A, which shall be a part of this Restated Contract. The parties further agree to cooperate in studies and negotiations to determine the most desirable timing, location, voltage, size and associated equipment of any additional transmission interconnections, or abandonment of any established interconnections when such actions may be to the mutual economic benefit of all parties. Future interconnections shall be added to Exhibit A and each successive interconnection shall be numbered chronologically as 1, 2, 3, etc. This Restated Contract shall not be construed so as to require either party to construct new transmission or interconnection facilities.

Section 3.2 -- Accessory Facilities.

Duke and SCE&G will provide, and from time to time thereafter will provide, such communications, telemetering, automatic generation control equipment, together with such other facilities as may be required for load dispatching purposes and for control of power flow and reactive flow, as is now or may hereafter be pertinent to efficient and economical operation of the interconnected power systems. The party owning the substation and associated metering and telemetering equipment for an interconnection shall provide kwh,

Watt and VAR telemetry signals for use by the other party and shall also provide reasonable and suitable space for the other party's remote terminal unit (RTU) for data acquisition, if required, and as agreed to by Duke and SCE&G; however, the other party shall reimburse the owning party for any material and labor costs it may incur for such provision (excluding space) over and beyond the owning party's needs.

Section 3.3 -- Responsibilities of Duke and SCE&G:

Each party hereto shall be responsible for providing, operating, and maintaining at its own expense, such equipment and facilities as may be required on its respective electric systems by any of the foregoing provisions of this Article III, except that the owning party shall be responsible for maintaining at its own expense such RTUs for data acquisition as provided for in Section 3.2

ARTICLE IV

SERVICES TO BE RENDERED

Section 4.1 -- Service Schedules:

The power to be supplied by Duke to SCE&G and by SCE&G to Duke hereunder, the terms and conditions of such supply, and settlement therefore shall be in accordance with arrangements agreed upon from time to time between the parties. Such arrangements shall be set up in the form of Service Schedules, each of which will be attached to this Restated Contract and will become a part of this Restated Contract for the term hereof or for such shorter term as may be specifically provided for in Section 2.1. The Service Schedules (including Appendix A and Appendix B) describe the basic methodology and procedure to be used by Duke and SCE&G in determining the charges for the services to be supplied thereunder.

The following Service Schedules, attached hereto and incorporated herein by reference, are agreed upon initially and execution of this Restated Contract constitutes agreement to the following Service Schedules:

Service Schedule A - 1992	Spinning Reserve
Service Schedule B - 1992	Short Term Power
Service Schedule C - 1992	Limited Term Power
Service Schedule D	Economy Interchange
Service Schedule E - 1992	Other Energy
Appendix A - Determination of Interconnection Demand Rates of SCE&G	
Appendix B - Determination of Interconnection Demand Rates of Duke	

Any and all Service Schedules, Appendix A and Appendix B, including those schedules specifically listed above, and any mutually agreed upon subsequent schedules may be amended as required from time to time by mutual agreement, or in accordance with the provisions of Section 4.4 or the terms and conditions of the Service Schedules themselves.

Section 4.2 - Calculation of Demand Rates:

The demand rates for Limited Term, Short Term and Spinning Reserve Service Schedules will be calculated by the parties under Appendix A or Appendix B as applicable. If SCE&G is the delivering party, the Demand Rate shall not exceed the rate calculated under Appendix A. If Duke is the delivering party, the Demand Rate shall not exceed the rate calculated under Appendix B.

In third-party transactions or transactions where there is no Demand Rate for Limited Term, Short Term, Spinning Reserve, or Other Energy the Transmission Use Rate charged by the delivering party under the applicable Service Schedules will not exceed that which is calculated as described in Appendix A when SCE&G is the delivering party, or will be that which is calculated as described in Appendix B when Duke is the delivering party.

Section 4.3 - Allocation Methodology and Rate Computation Procedure:

Duke and SCE&G recognize that the cost of providing the electric services contemplated by the Service Schedules provided for in Section 4.1 hereof will change during the term of this Restated Contract and the respective Service

Schedules. Thus, in order for Duke and SCE&G to be compensated fairly and adequately under the Service Schedules, it will be necessary to revise or update, from time to time, the cost, expense, and investment figures utilized in the derivation of the charges provided for in such Service Schedules.

The procedure and methodology for determining the rates and charges are described in the Service Schedules (including Appendix A and Appendix B), all of which are attached hereto and incorporated herein by reference. The applicable Service Schedules, together with Appendix A and Appendix B, as appropriate, will serve as a formulary rate allowing for revision of the charges to reflect changes in costs of providing the services contemplated in the respective Service Schedules.

The charges calculated in accordance with the foregoing will be revised as determined to be necessary by Duke and SCE&G due to changes in the cost of providing the respective services by Duke and SCE&G. Such revised charges shall be in accordance with the procedure and methodology set forth in the Service Schedules (including Appendix A and Appendix B).

Since the charges will be computed in accordance with the formulary rate method and procedures described in the respective Service Schedules (including Appendix A and Appendix B), it is contemplated that such revisions will not be changes in rates which would require a filing and suspension under the Federal Power Act and the applicable Rules and Regulations of the Federal Energy Regulatory Commission.

The initial Cost Support Exhibits of SCE&G and Duke for Appendix A and Appendix B will be filed with the Federal Energy Regulatory Commission ("FERC"), or its successor in interest, for informational purposes to show the application of the formulary rate method and procedure and the resulting charges. Revised Cost Support Exhibits of Duke and SCE&G for Appendix A and Appendix B will be

filed with FERC for informational purposes, as provided for in the respective Service Schedules.

Section 4.4 - Unilateral Revision of Service Schedules and/or Allocation
Methodology and Rate Computation Procedure Manual and Cost
Support Exhibits:

In addition to the right to change charges as described in Section 4.3 above, Duke and SCE&G shall have the right by mutual agreement to amend, either in whole or in part, the Service Schedules, including Appendix A and Appendix B, or the procedures and methodology underlying Appendix A and Appendix B. If Duke and SCE&G are unable to reach agreement on any such amendment, either Duke or SCE&G shall have the unilateral right to make changes or substitutions in the Service Schedules, with SCE&G having the unilateral right to make changes or substitutions in Appendix A and Duke having the unilateral right to make changes or substitutions in Appendix B, including, but not limited to, any methodology or procedure for the computation of charges contained therein, by making a legally effective filing with or by order of the regulatory authority having jurisdiction. Nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the FERC for a change in rates under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder. If either party makes an unilateral filing as permitted in this Section 4.4, the other party shall be free to support or contest such filing or to raise any objection it may have to such filing before the FERC.

ARTICLE V

SERVICE CONDITIONS

Section 5.1 - Operation of Systems in Parallel:

Duke's system and SCE&G's system shall be and shall remain interconnected at the interconnection points described in Section 3.1 hereof, or as changed in accordance with Section 3.1, insofar as, in the sole opinion of either Duke or SCE&G, this can be done without jeopardy to its system or impairment of reliable service to its customers. However, if any operating conditions or circumstances create an undue burden on the system of either Duke or SCE&G, then the party which in its judgment suffers undue burden shall have the right to open the interconnection(s) to relieve its system of the burden imposed upon it; provided, however, prior notice shall be given to the other party when practical. The Operating Committee (provided for in Section 9.1) shall make every reasonable effort to resolve any problems which have caused, or threaten to cause, an undue burden to be imposed upon either Duke or SCE&G.

Section 5.2 - Control of System Disturbances:

Insofar as practicable, Duke and SCE&G shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of, or jeopardy to service in the other's system or in any system interconnected therewith.

Section 5.3 - Generating Capacity and Operating Reserves:

Both Duke and SCE&G will maintain generating capacity, including reserves, to supply their own needs in accordance with their prudent determination of such needs. Insofar as practicable, each system shall provide amounts of operating reserve capacity so that neither the Duke system nor the SCE&G system will make disproportionate demands upon the other for assistance in normal operations and meeting contingencies of power system operations.

Section 5.4 - Reactive KVA:

It is intended that neither Duke nor SCE&G shall impose an undue burden upon the other with respect to the flow of reactive kilovolt-amperes (KVA). Neither Duke nor SCE&G shall be obligated to supply or absorb reactive KVA for the other, when to do so would interfere with service on its own system, would limit the use of interconnection facilities, or would require operation of generation equipment not otherwise required. The Operating Committee shall establish from time to time mutually satisfactory voltage schedules and reactive KVA supply arrangements.

Section 5.5 - Scheduled Deliveries:

The amounts of power being supplied hereunder by one system to the other under each Service Schedule, and under any other transaction between Duke and SCE&G from time to time arranged, shall be the amounts scheduled by Duke's and SCE&G's Operating Representatives. Billing for transactions hereunder shall be made in accordance with scheduled amounts. Duke and SCE&G shall operate their respective systems in such a manner as to make the net deliveries of power and energy as nearly equal as practicable to the frequency-biased net interchange schedules. It shall be the responsibility of the Operating Committee to establish practices with respect to holding deviations from scheduled deliveries to a minimum.

Section 5.6 - Inadvertent Interchange:

Inadvertent interchange energy of each party hereto is the time integral of that party's net interchange minus the time integral of its scheduled net interchange. This inadvertent energy includes the intentional interchange energy resulting from the use of frequency-bias as well as the unscheduled interchange energy resulting from human or equipment error. Inadvertent interchange energy shall be returned in kind (i.e., on-peak or off-peak as

defined by North American Electric Reliability Council (NERC) or its successor) at times mutually agreed upon.

Section 5.7 - Transfer of Power and Energy Through Other Systems:

Since the systems of Duke and SCE&G are now directly interconnected with other electric systems, it is recognized that because of the physical and electrical characteristics of the facilities involved, there may be flows of power from Duke to SCE&G, or vice versa, through other electric systems, or from other electric systems through the electric system of Duke to SCE&G, or vice versa. It is likewise recognized that part of the scheduled delivery of power from Duke to SCE&G, or vice versa, may flow through or may be displaced through other electric systems. Duke and SCE&G agree to advise other electric systems as deemed appropriate of such scheduled power transfers so as not to burden such third parties and to maintain good relationships with affected third parties.

ARTICLE VI

DELIVERY POINTS AND METERING

Section 6.1 - Delivery Points:

Unless otherwise agreed, the delivery points for capacity and energy shall be the interconnection points described in Exhibit A or as changed in accordance with Section 3.1.

Section 6.2 - Metering and Metering Facilities:

Capacity and energy shall be measured at the delivery points described in Section 6.1. Necessary metering equipment to permit determination of the amounts of electric capacity and energy transmitted over the interconnections shall be installed as described in Section 3.2. All kwh meters included in said equipment shall be sealed and shall, except in an emergency, be opened only after receiving approval from the other party. The other party shall be afforded the opportunity of having an authorized representative present at the time such meters are opened. At the metering points for such system

interconnections, each party shall, at its own expense, maintain its meters and shall provide, install, own, and maintain any additional meters necessary, in its judgment, to determine the amounts of capacity and energy transmitted through such interconnection points. Each party (Duke and SCE&G) shall have the right to install, at its own expense, check-metering equipment in suitable space provided without charge by the other party. Telemetered kwh readings shall be used to determine hourly, daily, and monthly interconnection energy transfers. Such readings shall be confirmed and, if necessary, adjusted no less than once each month by comparison with actual interconnection kwh meter readings. All meter readings related to adjustment of inadvertent accounts shall be recorded at 2400 (12 midnight, Eastern Prevailing Time) on the last day of each month. Should such meters fail to register accurately at any time, energy transfers during the period of failure shall be determined by mutually satisfactory means by the Operating Committee.

Section 6.3 - Inspecting and Testing of Meters:

Each party shall, at its own expense, make periodic tests and inspections of its metering equipment at intervals agreed upon by the Operating Committee to maintain a high standard of accuracy. If requested by either Duke or SCE&G, the other shall make additional tests and inspections of its metering equipment. If such additional tests show that the measurements are accurate within one percent (1.0%) fast or slow, the cost of making such additional tests or inspections shall be paid by the party requesting such additional tests or inspections; otherwise such cost shall be paid by the other party. Both Duke and SCE&G shall give the other reasonable notice of tests so that it may have a representative present.

Section 6.4 - Meter Error Adjustment to Inadvertent Account:

If for any reason, either Duke's or SCE&G's measurements are found to be inaccurate by more than one percent (1.0%), an offsetting adjustment shall be made to the inadvertent account for any known or agreed period of inaccuracy; in the absence of such knowledge or agreement, the adjustment shall be limited to a period not to exceed one-half (0.5) the elapsed time since the last meter test. Any metering equipment found to be inaccurate by more than one percent (1.0%) shall be promptly replaced, repaired, or readjusted by the party owning such defective metering equipment.

ARTICLE VII

RECORDS AND STATEMENTS

Section 7.1 - Records:

Both Duke and SCE&G shall keep such records as may be needed to afford a clear history of the energy transfers made by one electric system to the other and of the hourly integrated demands in megawatts scheduled for delivery by one electric system to the other. In maintaining such records, Duke and SCE&G shall effect such segregations and allocations of capacity and energy into classes representing the various services and conditions as may be needed in connection with settlements under this Restated Contract. Upon and to the extent requested, copies of the records shall be delivered promptly from Duke to SCE&G, or vice versa.

Section 7.2 - Statements:

As promptly as practicable after the first business day of each calendar month, Duke and SCE&G shall prepare a statement setting forth the scheduled capacity and energy transactions between the respective electric systems during the preceding month in such detail and with such segregations as may be needed for operating records or for settlements under the provisions of this Restated

Contract. Any such statement prepared by either Duke or SCE&G shall be made available to the other.

ARTICLE VIII

BILLING AND PAYMENTS.

Section 8.1 - Presentation and Payment of Monthly Bills:

Duke and SCE&G shall submit to each other, as promptly as practicable after the first of each month, an interchange billing statement and bill for the scheduled interchange transactions and the respective amounts due under the terms of this Restated Contract for the preceding calendar month. This preceding calendar month shall hereinafter be referred to as the "delivery month."

Bills for amounts due by each party to the other hereunder shall be rendered at the end of each delivery month and shall be due and payable on the 20th day of the succeeding month or on the 10th day after receipt of bill (which may include receipt of copies of such invoice through electronic means), whichever is later. Payment shall be received, on or before the date due in accordance with the invoice in immediately available funds through wire transfer of funds, by mail, or other mutually agreeable method of payment. Bills not paid when due shall accrue interest at one hundred five percent (105%) of the prime rate quoted on the date due by Morgan Guaranty Trust Company of New York, from the due date to the date of payment (a day shall equal 1/30 of a month). To expedite billing, the most recent available cost data will be used for the initial billing. An adjusted billing statement, if required to reflect the actual price for the delivered energy, shall be included in the monthly billing immediately following the initial billing. Payments which are in excess of amounts which would have been due based upon actual costs shall be credited or at the option of the party, refunded to the party making the overpayments.

Section 8.2 - Disputed Bill:

In case any portion of any bill submitted pursuant to this Article is in bona fide dispute for reasons relating to the computation of the bill, the undisputed amount shall be payable when due and the remainder shall be paid promptly upon the determination of the correct amount.

ARTICLE IX

OPERATING COMMITTEE

Section 9.1 - Establishment of Operating Committee:

Duke and SCE&G shall each appoint one representative to act for it in matters pertaining to interconnected operation of its system hereunder and detailed operating arrangements for delivery of power hereunder, and Duke and SCE&G may each appoint an alternate to act for it in the absence of its representative. The two representatives, or their alternates, so appointed shall comprise and be referred to as the Operating Committee. Evidence of such appointments shall be given by written notice to each of the parties, and such appointments may be changed at any time by similar notice.

Section 9.2 - Responsibilities of Operating Committee:

The Operating Committee, in addition to matters specifically referred to elsewhere in this Restated Contract, shall be responsible for the following:

1. Coordination of Operating and Maintenance schedules.
2. Establishment of arrangements for metering, telemetering, telecommunications, data acquisition, etc., associated with interconnected operation.
3. Establishment of control and operating procedures.
4. Establishment of procedures for interchange transactions under the Service Schedules.
5. Establishment of methods, standards, and procedures for the determination of costs associated with transactions hereunder.
6. Establishment of methods and procedures for accounting and billing of transactions hereunder.

7. Providing list of Operating Representatives of Duke and SCE&G.
8. Such other duties as may be conferred upon it by mutual agreement of Duke and SCE&G.

Both Duke and SCE&G shall cooperate in providing to the Operating Committee all information required in the performance of its duties. If the Operating Committee is unable to agree on any matter falling under its jurisdiction, such matter shall be referred by the members of the Operating Committee to their Principals for decision. Failure of the Principals to agree on any matter referred to them shall not constitute a basis for cancellation of this Restated Contract. All decisions and agreements made by the Operating Committee shall be evidenced in writing.

Section 9.3 - Operating Committee Meetings:

The Operating Committee shall hold a periodic meeting at a time and place agreed upon by its members and review the duties set forth herein. When requested by either Duke or SCE&G, the Operating Committee shall also meet at the earliest opportunity for consideration of matters under its jurisdiction.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.1 - Third Parties:

Duke and SCE&G agree to continue to coordinate the operations of their respective systems with the generation and transmission systems of neighboring interconnected systems not parties to this Restated Contract, in accordance with the provisions of the individual contracts with those respective systems.

Section 10.2 - Force Majeure:

In any case any party should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon said parties by this Restated Contract by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, storm, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any court or judge granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, demands or priorities of governmental and administrative agencies or bodies, explosion, act of God or the public enemies, or any other cause reasonably beyond its control and not attributable to its neglect; then, and in such case or cases, such party shall not be liable to the other party for or on account of any loss, damage, injury, or expense (including consequential damages and cost of replacement power) resulting from or arising out of such delay or prevention; provided, however, that such party shall use due and, in its judgment, practicable diligence to remove the cause or causes thereof; and provided, further, that neither party shall be required by the foregoing provisions to settle a strike or other labor dispute except when, according to its own best judgment, such a settlement seems advisable.

Section 10.3 - Responsibility and Indemnification:

With regard to transactions pursuant to this Restated Contract, each party hereto agrees to operate and maintain its electrical equipment with reasonable diligence and care and in accordance with prudent utility practices. Duke and SCE&G expressly agree to indemnify and save harmless and defend the other against all claims, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electric capacity and energy on its own side of the delivery point or points hereunder, irrespective of negligence actual or claimed of the other. It is the intention of the parties to this Restated Contract that each of them be responsible for their own conduct and neither be responsible for the conduct of the other. This Restated Contract in no way creates a contractual relationship of one party with the customers of the other party; neither does it create a duty thereto.

Section 10.4 - Regulation:

Duke and SCE&G recognize that this Restated Contract is required to be filed with certain regulatory agencies. In the event this Restated Contract is changed or modified by any regulatory agency or authority, either party, if adversely affected, shall have the right to negotiate for the necessary relief to alleviate said adverse effects brought on by either the changes or modifications imposed. If Duke and SCE&G are unable to obtain the necessary relief, after a reasonable period of negotiations, either shall have the right to terminate this Restated Contract on six (6) months written notice to the other.

Section 10.5 - Notices:

Any notice, demand or request required or authorized by this Restated Contract shall be deemed properly given if mailed, postage prepaid, to Duke Power Company, 422 South Church Street, Charlotte, North Carolina 28242-0001, Attn. The Secretary, in the case of Duke, and to South Carolina Electric & Gas Co., P. O. Box 764, Columbia, SC 29218, Attn: Mr. M. S. Tibshrary, in the case of SCE&G; or to such other person as may be designated by Duke or by SCE&G. The designation of the person to be notified or the address of such person may be changed by Duke or SCE&G at any time, or from time to time by similar notice.

Section 10.6 - Waivers:

Any waiver at any time by Duke or by SCE&G of its rights with respect to any default or other matter arising in connection with this Restated Contract shall not be considered a waiver with respect to any subsequent default or matter.

Section 10.7 - Successors and Assigns:

This Restated Contract shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, but it shall not be assignable by either party without the written consent of the other party except in accordance with the provisions of a mortgage or deed of trust to a successor in the operation of the properties of a signatory hereto.

Section 10.8 - Tax Adjustment:

To the capacity (when applicable) and energy charges of all Service Schedules shall be added the applicable proportionate part of any new or increased taxes and assessments (except State or Federal Income Taxes), imposed by any governmental authority in addition to or in excess of those in effect as of the date of the Restated Contract which are assessed on the basis of meters or customers, or the price of, or revenue from, electric energy or service sold, or the quantity of energy purchased or generated for sale or sold. In the event

the selling party pays a "gross receipts tax" to the State of North Carolina or other State as appropriate in respect to interchanges hereunder, the selling party shall be fully reimbursed by the party purchasing the electric energy.

IN WITNESS WHEREOF, the parties hereto have caused this Restated Contract to be executed by their duly authorized officers.

ATTEST:

SOUTH CAROLINA ELECTRIC & GAS COMPANY

[Signature]
Secretary

By *[Signature]*
M. S. Tibshirany
Vice President, Power Delivery

ATTEST:

DUKE POWER COMPANY

[Signature]
Secretary

By *[Signature]*
W. F. Reinke
Vice President
System Planning and Operating

APPROVED AS
TO LEGALITY
AND FORM
RRM
11-17-92
AS TO EXECUTION
RRM
4-21-93

EXHIBIT A

Interconnection Points

The following interconnections presently exist between the parties' systems.

Parr Interconnection -- A 230 kv interconnection with metering equipment located at the Parr Steam Station of South Carolina Electric & Gas Company.

Newberry Interconnection -- A 115 kv interconnection with metering equipment located at the Bush River Tie Station of Duke Power Company.

The parties own, maintain, and operate all equipment associated with these aforementioned interconnections which is located in their respective substations except that one 39 MVA, 3-phase, 100-115 kv autotransformer (GE S/N 4678684) located at Duke's Bush River Tie Station is owned by SCE&G. The purpose of this autotransformer is to increase the capacity of the Newberry Interconnection. This autotransformer is to be returned to SCE&G by Duke to SCE&G's Stevens Creek Plant, or some other mutually agreeable place, when no longer required, as set forth above. Duke agrees to operate this autotransformer and provide for periodic inspection and tests and will perform minor maintenance, including bushing repair or replacement, tap changer contact repair or replacement, oil filtering, painting of case, etc. SCE&G and Duke will be equally responsible for major repairs involving core or coil repair or replacement.

These interconnections, as they now exist or as they may be modified by agreement of the parties, and any future interconnections which may be agreed to by the parties will be utilized in carrying out the provisions of the schedules under this agreement.

SERVICE SCHEDULE A - 1992

SPINNING RESERVE

SECTION 1 - DURATION

This Service Schedule is a part of the Restated Contract dated December 15, 1992 between SCE&G and Duke and shall continue in effect for the term stipulated in Article II of the Restated Contract.

SECTION 2 - DEFINITION

Spinning Reserve is defined as the sum of (1) the unloaded generating capacity resources of a company which are connected and ready to supply power upon demand, (2) generating capacity which can be started and made available within 10 minutes, and (3) generating capacity which can be made available within 10 minutes by appropriate interruptible or other contracts. New capacity that has not been declared commercial can be included to the extent of its current capability.

Generating capacity which is a part of Spinning Reserve must be available indefinitely. Hydro capacity will be included only to the extent it can deliver its capacity until a fuel unit can be started to replace it and only if such a fuel unit is available. Standing combustion turbines will be classified as Spinning Reserve by the amount of generation which can be produced in 10 minutes.

During the first 24 hours following the loss of generating capacity, the capacity lost shall be considered a part of the owning company's Spinning Reserve Commitment. Similarly, emergency assistance being rendered a third-party system for a period of 24 hours following the beginning of a period of delivery shall be considered as part of a company's total Spinning Reserve Commitment.

SECTION 3 - SERVICES TO BE RENDERED

3.1 It is recognized that service reliability will be improved when the reserves of two or more systems are available to backstand the loss of large generating units and also that significant operating savings will result from two or more systems each sharing in the Spinning Reserve capacity of the others. Each party will, therefore, maintain Spinning Reserve capacity each day in the amount of the sum of (1) 8 percent of the largest unit in commercial operation on the respective systems, and (2) 4 percent of the estimated annual peak load, except as may be amended by the Operating Committee, such total in each system to be known as each system's Spinning Reserve Commitment. Following the emergency loss of generating capacity on a system, that system will first utilize its own Spinning Reserve Commitment to replace the capacity lost except as may otherwise be agreed upon, and may then call upon the other system to make available the additional capacity required to replace the capacity lost, up to the amount of the other company's Spinning Reserve Commitment, less any amount of such capacity already utilized or committed to a third party system because of an emergency. Upon request, the delivering party will endeavor to obtain capacity from third party systems, for delivery to the receiving party.

3.2 In the event of extreme emergencies, each system will make available to the other total available reserve capacity on its system and will attempt to obtain capacity and/or energy from third-party systems as required.

3.3 From time to time it may be more economical for either system to purchase capacity to supply a portion of its Spinning Reserve Commitment rather than supply it from its own resources; then in the amounts and for the period agreed upon the other system will make available such capacity.

SECTION 4 - COMPENSATION

4.1 Demand Charge

4.11 When capacity provided during the first 24 hours following an emergency is made available from the system of the delivering party under Section 3.1 and/or 3.2 there will be no demand charge. If the party suffering the outage requires assistance for more than 24 hours, then after the 24-hour period it will purchase available capacity necessary to carry its load and, to the extent that it is available, capacity to restore its Spinning Reserve to normal, for the period of the emergency, or for one week, whichever period is shorter. When such capacity is from the system of the delivering party, the receiving party will pay a reserve Demand Rate per kW per day not to exceed the rate calculated in accordance with Appendix A or B, whichever is applicable.

4.12 When the capacity made available under Section 3.3 is from the system of the delivering party, the receiving party will pay a reserve Demand Rate per kW per day not to exceed the rate calculated in accordance with Appendix A or B, whichever is applicable.

4.13 In the event the delivering party provides capacity to the receiving party from a third-party system, the receiving party will pay the delivering party a Demand Rate equal to (1) the Demand Rate charged by the third party, plus (2) a Transmission Use Rate per kW per day not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party. In transactions where no demand charge is made by the third party, the

receiving party will pay the delivering party a Transmission Use Rate per kW per day or per kWh, whichever is less, not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party.

4.2 Energy Charge

4.21 When the energy delivered is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per kWh equal to (1) the out-of-pocket cost, plus (2) cost of transmission losses to make the delivery, plus (3) 10 percent of the sum of (1) and (2) under this Section, or 5 mills per kWh, whichever is less; or at option of the delivering party, the energy may be returned in kind.

4.22 For energy delivered by the delivering party from a third party the receiving party will pay the delivering party a rate per kWh equal to (1) the rate per kWh paid to the third party; plus (2) the cost of supplying the associated transmission losses on the system of the delivering party; plus (3) one mill per kWh for miscellaneous and unquantifiable incremental costs incurred for transmission services; or by mutual agreement the energy may be returned in kind. In return-in-kind transactions the receiving party will pay the delivering party (1) the cost of supplying the associated transmission losses on the system of the delivering party; plus (2) one mill per kWh to provide compensation for miscellaneous and unquantifiable incremental costs incurred for transmission services.

4.3 Taxes

Where applicable, taxes will be added to the billings under 4.1 and 4.2 including but not limited to:

Support of South Carolina Public Service Commission

South Carolina Gross Receipts Tax

South Carolina Generation Tax

North Carolina Gross Receipts Tax

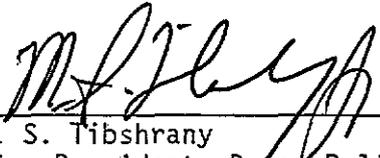
Any new or additional applicable taxes enacted after the date of this Service Schedule shall be included in billings under this Service Schedule.

ATTEST:

SOUTH CAROLINA ELECTRIC & GAS COMPANY



Secretary

By 

M. S. Tibshrary
Vice President, Power Delivery

ATTEST:

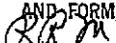
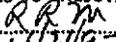
DUKE POWER COMPANY



Secretary

By 

W. F. Reinke
Vice President
System Planning and Operating

APPROVED AS
TO LEGALITY
AND FORM

4/21/93
AS TO EXECUTION

4/21/93

SERVICE SCHEDULE B - 1992

SHORT TERM POWER

SECTION 1 - DURATION

This Service Schedule is a part of the Restated Contract dated December 15, 1992, between SCE&G and Duke and shall continue in effect for the term stipulated in Article II of the Restated Contract.

SECTION 2 - SERVICES TO BE RENDERED

2.1 Either party may arrange to reserve from the other for the remainder of the calendar week or for periods of one or more calendar weeks, electric power whenever, in the sole judgement of the party requested to reserve the same, such power is available.

2.2 Prior to each reservation of Short Term Power, the number of kilowatts to be reserved, the period of the reservation, and the system supplying the power in third party transactions shall be agreed upon. Such agreement shall be confirmed in writing. If, during such period, conditions arise that could not have been reasonably foreseen at the time of the reservation and cause the reservation to be burdensome to the delivering party, such party may, by written notice to the receiving party, or oral notice later confirmed in writing, reduce the number of kilowatts reserved by such amount and for such time as it shall specify in such notice. Kilowatts reserved hereunder by the delivering party from a third party may be reduced only to the extent they are reduced by the third party or to the extent necessary to alleviate burdensome system conditions.

2.3 During each period that Short Term Power has been reserved, the delivering party shall upon reasonable notice, produce "Short Term Power" in amounts agreed upon. Receiving party shall notify delivering party of its scheduled use of kilowatts reserved to assist in the commitment of generation.

SECTION 3 - COMPENSATION

3.1 Demand Charge

3.11 When the capacity sold under this contract is from the system of the delivering party, the receiving party will pay a Short Term Demand Rate per kW per week not to exceed the rate calculated in accordance with Appendix A or B, whichever is applicable. For periods of less than one week, the receiving party will pay a Demand Rate per kW per day not to exceed the rate calculated by dividing the weekly Short Term Demand Rate by six. If the delivering party reduces the number of kilowatts of capacity reserved in accordance with Section 2.11 for all or part of a day, the delivering party will reduce the total weekly demand charge by an amount equal to one-sixth (1/6) of the weekly Short Term Demand Rate then being paid times the number of kW of capacity reduced for all or part of a day.

3.12 In the event the delivering party provides Short Term power to the receiving party from a third-party system, the receiving party will pay the delivering party a Demand Rate equal to (1) the Demand Rate charged by the third party, plus (2) a Transmission Use Rate per kW per week or per kW per day for periods of less than a week not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party.

3.2 Energy Charge

3.21 When energy delivered hereunder is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per kWh equal to: (1) the out-of-pocket cost, plus (2)

cost of transmission losses to make the delivery, plus (3) 10 percent of the sum of (1) and (2) under this section or 5 mills per kWh, whichever is less.

3.22 For energy delivered by the delivering party from a third party, the receiving party will pay the delivering party a rate per kWh equal to: (1) the rate per kWh paid to the third party; plus (2) the cost of associated transmission losses; plus (3) one mill per kWh for miscellaneous and unquantifiable costs incurred for transmission service.

3.3 Taxes

Where applicable, taxes will be added to the billings under 3.1 and 3.2 including but not limited to:

- Support of South Carolina Public Service Commission
- South Carolina Gross Receipts Tax
- South Carolina Generation Tax
- North Carolina Gross Receipts Tax

Any new or additional taxes applicable to transactions hereunder enacted after the date of this Service Schedule shall be included in billings under this Service Schedule.

ATTEST:

SOUTH CAROLINA ELECTRIC & GAS COMPANY

[Signature]
Secretary

By *[Signature]*
M. S. Tibshirany
Vice President, Power Delivery

ATTEST:

DUKE POWER COMPANY

[Signature]
Secretary

By *[Signature]*
W. F. Reinke
Vice President
System Planning and Operating

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[Signature]
4/21/93
AS TO EXECUTION
[Signature]
4/21/93

SERVICE SCHEDULE C - 1992

LIMITED TERM POWER

SECTION 1 - DURATION

This Service Schedule is a part of the Restated Contract dated December 15, 1992, between SCE&G and Duke and shall continue in effect for the term stipulated in Article II of the Restated Contract.

SECTION 2 - SERVICES TO BE RENDERED

2.1 Either party may arrange to reserve from the other for periods of not less than one month, such electric power whenever, in the sole judgment of the party requested to reserve the same, such power is available.

2.2 Prior to each reservation of Limited Term Power the number of kilowatts to be reserved, the period of the reservation, and the system supplying the power in the third party transactions shall be agreed upon. Such agreement shall be confirmed in writing.

2.3 During each period that Limited Term Power has been reserved, the party that has agreed to deliver such power shall, upon reasonable notice, provide Limited Term Power in the amounts agreed upon. Receiving party shall notify delivering party of its scheduled use of kilowatts reserved to assist in the commitment of generation.

SECTION 3 - REDUCTION IN DELIVERY

Deliveries of Limited Term Power may be suspended if the delivering party must interrupt service to its firm customers in order to make the delivery; however, before suspending delivery, the delivering company will make every effort to obtain replacement power from all adjacent systems. Deliveries of third party capacity and energy may be reduced or suspended only to the extent that such deliveries are reduced or suspended by the third party-system. In

addition, the supply of kilowatts to the receiving system may be interrupted or reduced to prevent or limit any instability on either system.

SECTION 4 - COMPENSATION

4.1 Demand Charge

4.11 For Limited Term capacity produced by the delivering party, the receiving party will pay the delivering party a rate per kW per month not to exceed the rate calculated in accordance with Appendix A or B, whichever is applicable.

4.12 For Limited Term capacity purchased from a third-party system, the receiving party will pay the delivering party a Demand Rate equal to (1) the Demand Rate per kW per month charged by the third party, plus (2) a Transmission Use Rate per kW per month not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party.

4.2 Energy Charge

4.21 When energy delivered hereunder is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per kWh equal to: (1) the out-of-pocket cost, plus (2) cost of transmission losses to make the delivery, plus (3) 10 percent of the sum of (1) and (2) of this section or 5 mills per kWh, whichever is less.

4.22 For energy delivered by the delivering party from a third party, the receiving party will pay the delivering party a rate per kWh equal

to: (1) the rate per kWh paid to the third party; plus (2) the cost of associated transmission losses; plus (3) one mill per kWh for miscellaneous and unquantifiable incremental costs incurred for transmission services.

4.3 Taxes

Where applicable, taxes will be added to the billings under 4.1 and 4.2 including but not limited to:

- Support of South Carolina Public Service Commission
- South Carolina Gross Receipts Tax
- South Carolina Generation Tax
- North Carolina Gross Receipts Tax

Any new or additional applicable taxes enacted after the date of this Service Schedule shall be included in billings under this Service Schedule.

ATTEST:

SOUTH CAROLINA ELECTRIC & GAS COMPANY

[Signature]
Secretary

By *[Signature]*
M. S. Tibshirany
Vice President, Power Delivery

ATTEST:

DUKE POWER COMPANY

[Signature]
Secretary

By *[Signature]*
W. F. Reinke
Vice President
System Planning and Operating

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4/21/93

SERVICE SCHEDULE D
ECONOMY INTERCHANGE

SECTION 1 - DURATION

This Service Schedule is a part of the Restated Contract dated December 15, 1992, between SCE&G and Duke and shall continue in effect for the term stipulated in Article II of the Restated Contract.

SECTION 2 - SERVICE TO BE RENDERED

From time to time each of the parties have electric energy (hereinafter called "Economy Energy") available from surplus capacity on its own system and/or from sources outside its own system, and such Economy Energy can be supplied to the other party at a cost that will result in operating savings to such other party. Such operating savings will result from the displacement of electric energy that otherwise would be supplied from capacity on the system and/or from sources outside the system of such other party. To promote the economy of electric power supply and to achieve efficient utilization of production capacity, either party, whenever in its own judgment determines Economy Energy is available, may offer Economy Energy to the other party. Promptly upon receipt of any such offer the receiving party shall notify the supplying party of the extent to which it desires to use such Economy Energy. Schedules providing the periods and extent of use shall be mutually agreed upon.

SECTION 3 - COMPENSATION

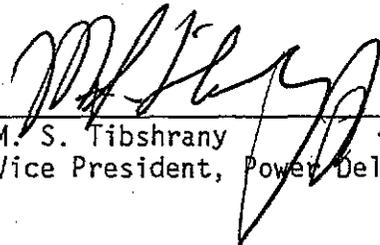
Economy Energy supplied hereunder shall be considered as displacing electric energy that otherwise would have been generated by the receiving party at its own electric generating stations or any electric energy from third parties mutually agreed to be subject to displacement hereunder. Economy Energy shall be settled for at rates which shall be predicated upon the principle that

savings resulting from the use of Economy Energy shall be divided equitably among the parties. Prior to any transaction involving the sale and purchase of Economy Energy, authorized representatives of the parties shall determine and agree upon the rate applicable to such transaction. A charge for generating unit start-up and other incidental costs necessary to make the Economy Energy available may be made if applicable. This charge shall be agreed upon between the parties prior to the transaction and included in the energy charge.

ATTEST:

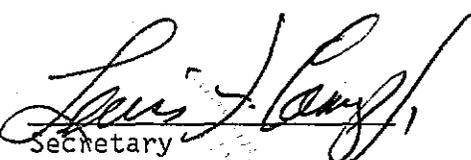
SOUTH CAROLINA ELECTRIC & GAS COMPANY


Secretary

By 
M. S. Tibshrary
Vice President, Power Delivery

ATTEST:

DUKE POWER COMPANY


Secretary

By 
W. F. Reinke
Vice President
System Planning and Operating

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4/12/93

SERVICE SCHEDULE E - 1992

OTHER ENERGY

SECTION 1 - DURATION

This Service Schedule is a part of the Restated Contract dated December 15, 1992, between SCE&G and Duke and shall continue in effect for the term stipulated in Article II of the Restated Contract.

SECTION 2 - SERVICES TO BE RENDERED

2.1 It is recognized that from time to time occasions will arise when one of the parties may have electric energy (hereinafter called "Other Energy") available from surplus capacity on its own system and/or from sources outside its own system that can be utilized advantageously for short intervals by the other party.

2.2 It shall be the responsibility of the party desiring the receipt of the Other Energy to initiate the purchase and sale of such energy. The party desiring such receipt of energy shall inform the other party of the extent to which it desires to use Other Energy.

SECTION 3 - COMPENSATION

3.1 When energy delivered hereunder is generated on the system of the delivering party, the receiving party will pay the delivering party a rate per kWh equal to (1) the out-of-pocket cost; plus (2) the cost of transmission losses to make delivery; plus (3) ten percent (10%) of the sum of (1) and (2) under this section or 5 mills per kWh, whichever is less; plus (4) a Transmission Use Rate per kWh not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party; or at the option of the delivering party, the energy may be returned in kind.

3.2 For energy delivered by the delivering party from a third party, the receiving party will pay the delivering party a rate per kWh equal to (1) the rate per kWh paid to the third party; plus (2) cost of associated transmission losses; plus (3) one mill per kWh for miscellaneous and unquantifiable incremental costs incurred for transmission services; plus (4) a Transmission Use Rate per kWh not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party; or by mutual agreement the energy may be returned in kind. In return-in-kind transactions, the receiving party will pay the delivering party (1) the cost of supplying associated transmission losses on the system of the delivering party; plus (2) one mill per kWh to provide compensation for miscellaneous and unquantifiable incremental costs incurred for transmission services; plus (3) a Transmission Use Rate per kWh not to exceed that calculated in accordance with Appendix A if SCE&G is the delivering party or equal to that calculated in accordance with Appendix B if Duke is the delivering party.

3.3 Where applicable, taxes will be added to billings under 3.1 and 3.2 including but not limited to:

- Support of South Carolina Public Service Commission
- South Carolina Gross Receipts Tax
- South Carolina Generation Tax
- North Carolina Gross Receipts Tax

Any new or additional applicable taxes enacted after the date of this Service Schedule shall be included in billings under this Service Schedule.

ATTEST:

SOUTH CAROLINA ELECTRIC & GAS COMPANY

[Signature]
Secretary

By *[Signature]*
M. S. Tibsary
Vice President, Power Delivery

ATTEST:

DUKE POWER COMPANY

[Signature]
Secretary

By *[Signature]*
W. F. Reinke
Vice President
System Planning and Operating

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