LOCKHART POWER COMPANY
**SCHEDULE O**
POWER ADJUSTMENT CLAUSE

Lockhart Power Company incurs considerable costs that are variable in the discharge of its requirement to supply power to its customers. These fall mainly into two categories: purchased power and fuel-related costs of generation. Variances in these costs are recovered through this rate schedule. In addition, certain wholesale power sales are credited to customers as an offset to cost of service through this same schedule.

Purchased Power
Purchased Power consists of the direct cost paid to Lockhart's power supplier for the wholesale purchase of power to satisfy Lockhart's full requirements needs. These costs will be included in the calculation of the monthly clause factor as a charge for the power purchased.

Wholesale Power Sales
When Lockhart requests and subsequently receives South Carolina Public Service Commission approval for a specific generation project to be included in its cost of service, the sales of such generation, if made off-system in the wholesale market, will be credited as an offset to the monthly power cost.

Fuel Costs
This consists of all fuel costs used in the generation process, including landfill gas royalties paid, and diesel fuel cost, including, but not limited to, the actual cost of the fuel and any associated taxes, transportation and other costs of acquiring the fuel stock. These costs will be included in the calculation of the monthly clause factor as a charge for the fuel purchased.

Calculation and Application of Monthly Charge Factor
Whenever the power cost per kWh on electric power purchased by Lockhart Power Company for requirements kWh sales shall increase above or decrease below 3.8622 cents per requirements kWh sold by the Company, the Company will pass this change on to its individual customers.

The amount of the monthly charge per kWh will be determined by the following formula, rounding the result to the nearest one-hundredth of a mill:

PCA = (((Purchased Power Cost + Fuel Cost – Revenue Credits) / Requirements kWh Sales) - .038622) x 1.003.

This increase or decrease will be adjusted to all bills rendered during the following month.



FILED AND IMPLEMENTED PURSUANT TO COMMISSION ORDER NO. 2011-564.
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA - SEPTEMBER 10, 2012