



Santee Cooper 2020 Progress Update

Santee Cooper Ad Hoc Committee

December 16, 2020



A public enterprise like Santee Cooper is a business that should provide its owners, the citizens, with dividends – **and we do**

- ✓ Low Cost and Reliable Electricity
- ✓ Water Management and Services
- ✓ Economic Development
- ✓ Environmental Stewardship
- ✓ And Now, Broadband

We Listened: We Have Achieved Big Savings (2019-2020)



- Refinanced \$730 million for **\$347 million in savings**
- **Paid off over \$700 million in long-term debt¹** - Our debt has declined over \$600 million, net of new borrowings
- Board approved **moving additional \$85 million** to our Debt Reduction Fund for future debt paydown
- **Reduced projected fuel and operating expenses 13% - over \$160 million a year** (5-year average), through prudent resource planning and aggressive work to capture lower commodity prices
- **Reduced staffing 10% and executive ranks almost 20%**
- Settled the Cook litigation, which provides customers **\$520M in refunds and a 4-year Santee Cooper rate freeze**

1. Includes \$156mm in executed 2018 defeasance

Our customers will benefit from these savings

- Our recent bond transaction resulted in:
 - An overall interest rate of 2.86% (the **lowest-cost financing** for Santee Cooper in recent years)
 - Refinancing **savings of over \$330 million** for customers
 - \$100 million of new proceeds for **long-term system investments**, while still contributing to an overall debt decline in 2020
 - An order book that was 5.5x **oversubscribed** and included some of the world’s most sophisticated institutional bond investors
- The ORS verified the transaction complied with Act 135 Section 11(E)
- Santee Cooper’s “Stable A” credit ratings are in line with **the top 4%** of all investor-owned utilities in the nation

Making sound financial decisions

Santee Cooper is the low-cost provider among large utilities in South Carolina

Customer	Santee Cooper rate	% below state avg ⁴	% below National avg ⁵
Residential ¹	11.08 cents/kwh	-9%	-9%
Commercial ²	9.53 cents/kWh	-8%	-8%
Industrial ³	5.09 cents/kWh	-17%	-25%

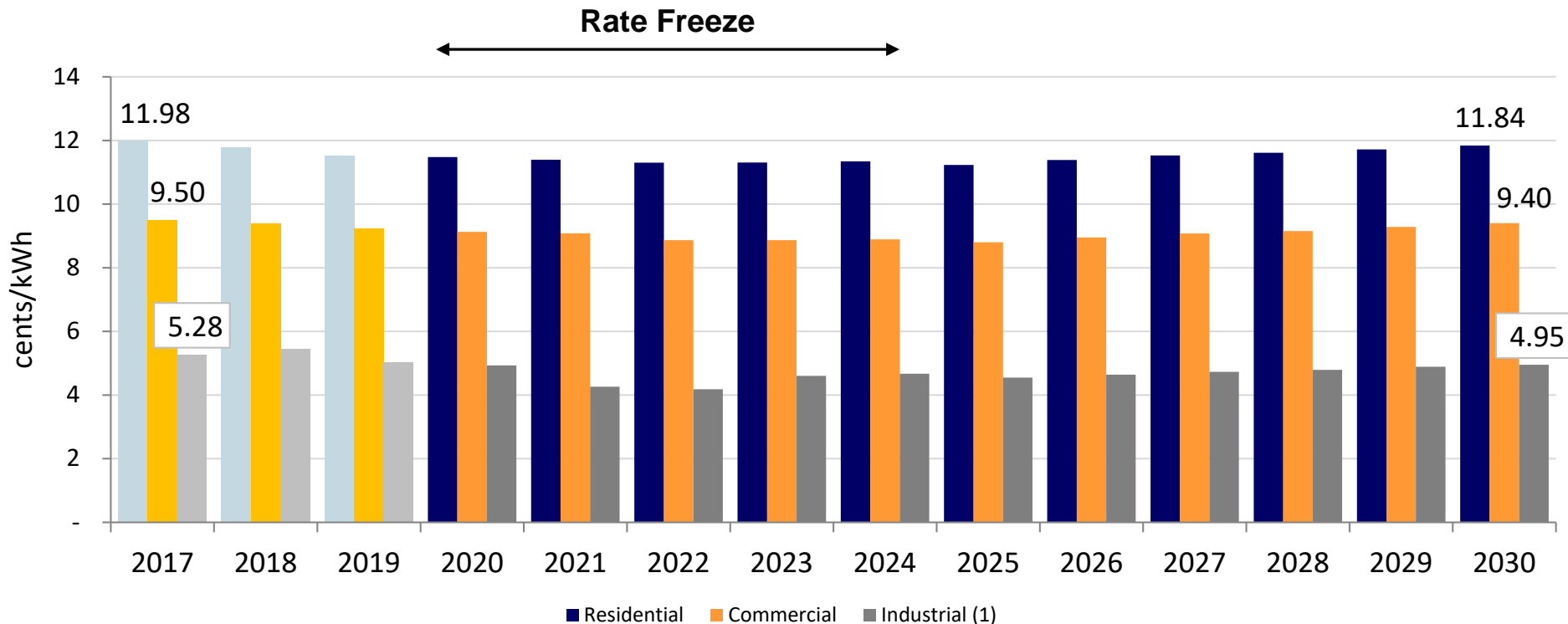
1. Cent/kWh are calculated for 2020 based on published rate schedules for 1,000 kwh customer using ORS "Historic Electric Residential Bills" data. 2020 data is most recent external data.
2. Cent/kWh are calculated for 2019 based on total commercial revenue divided by commercial sales (EIA). ORS data does not exist for this class.
3. Cent/kWh are calculated for 2019 based on total industrial revenue divided by **industrial** sales (EIA). **ORS data does not exist for this class.**
4. State average is composed of Dominion Energy South Carolina, Duke Energy Progress, and Duke Energy Carolinas for 2020 1,000 kwh/month customer for residential and average 2019 cents/kwh for commercial and industrial (EIA data used for average cents/kwh).
5. National averages are average rate per kwh for 2019 (EIA). Santee Cooper % below National avg is based on residential 2019 average rate per kwh.

**Low prices mean more disposable income
for customers**

...And It Looks Like They'll Stay That Way



Over a decade of stable or declining prices



1. Industrial rates based on aggregate sales, including non-firm.

Creating certainty while others raise rates

Key Progress Points



- Created **hundreds of millions of dollars in savings** to help hold rates stable
- Developed Resource Plan that saves money AND reduces coal 60%, increases renewables 400%, adds another 1,000 MW of solar by 2032 and **reduces carbon emissions 55%**
 - Bid **500 MW of new solar**
 - Began process to **retire Winyah Station**
- Closed Grainger ash ponds early, recycled most ash, **restoring wetlands**
- Locked in rates lower than the state, national averages
- Maintained reliability that **ranks #4 (top 1%)** out of over 550 IOU and co-op utilities in the U.S. *and* safety results ranking **#1** in APPA peer group
- Developed **broadband** principles supporting legislative initiative
- Helped attract a projected **\$609 million in new industrial investment and 1,300 jobs**

Building a leaner, greener future

Santee Cooper Has...



1. Eliminated all major litigation risk
2. Dramatically improved operating economics
3. Reduced the amount, cost, and risk of debt
4. Reduced staffing, from the executive ranks to the front line
5. Substantially improved diversity at the highest levels of the company
6. Adopted Resource Planning and Pricing Principles that drive a leaner, greener future
7. Achieved rating upgrades from major credit rating agencies
8. Maintained high reliability, safety, customer satisfaction, favorable pricing, economic development, environmental stewardship, water management, and now.... broadband

***Santee Cooper is an asset of, and to,
South Carolina***

We Anticipate...



- Keeping prices stable over the long term,
- Achieving substantial emissions reductions,
- Meeting increasing demand for drinking water,
- Maintaining focus on economic development, reliability, safety and stewardship,
- Providing critical infrastructure for broadband, and
- Working with the General Assembly to enhance transparency

Building future prosperity for our state