

Central Electric Power Cooperative, Inc.

Presentation to the Santee Cooper Evaluation and Recommendation Committee

September 26, 2018



Agenda



- **Who is Central? What Do We Do?**
- **Central's Cost Summary**
 - Cost of Service
 - Wholesale Power Supply & Bulk Transmission
- **Central's Core Services**
 - Power Supply
 - Bulk Transmission
 - Economic Development
 - Central Finance & Administration
- **Other Matters**
- **Appendix**

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Central Basics



A “generation and transmission” (G&T) electric cooperative

- Business model is not-for-profit, cost-of-service
- Member-owned private company owned by distribution cooperatives
- Overseen by representatives of its membership
- Board comprised of two representatives from each of the 20 distribution cooperatives

Purpose:

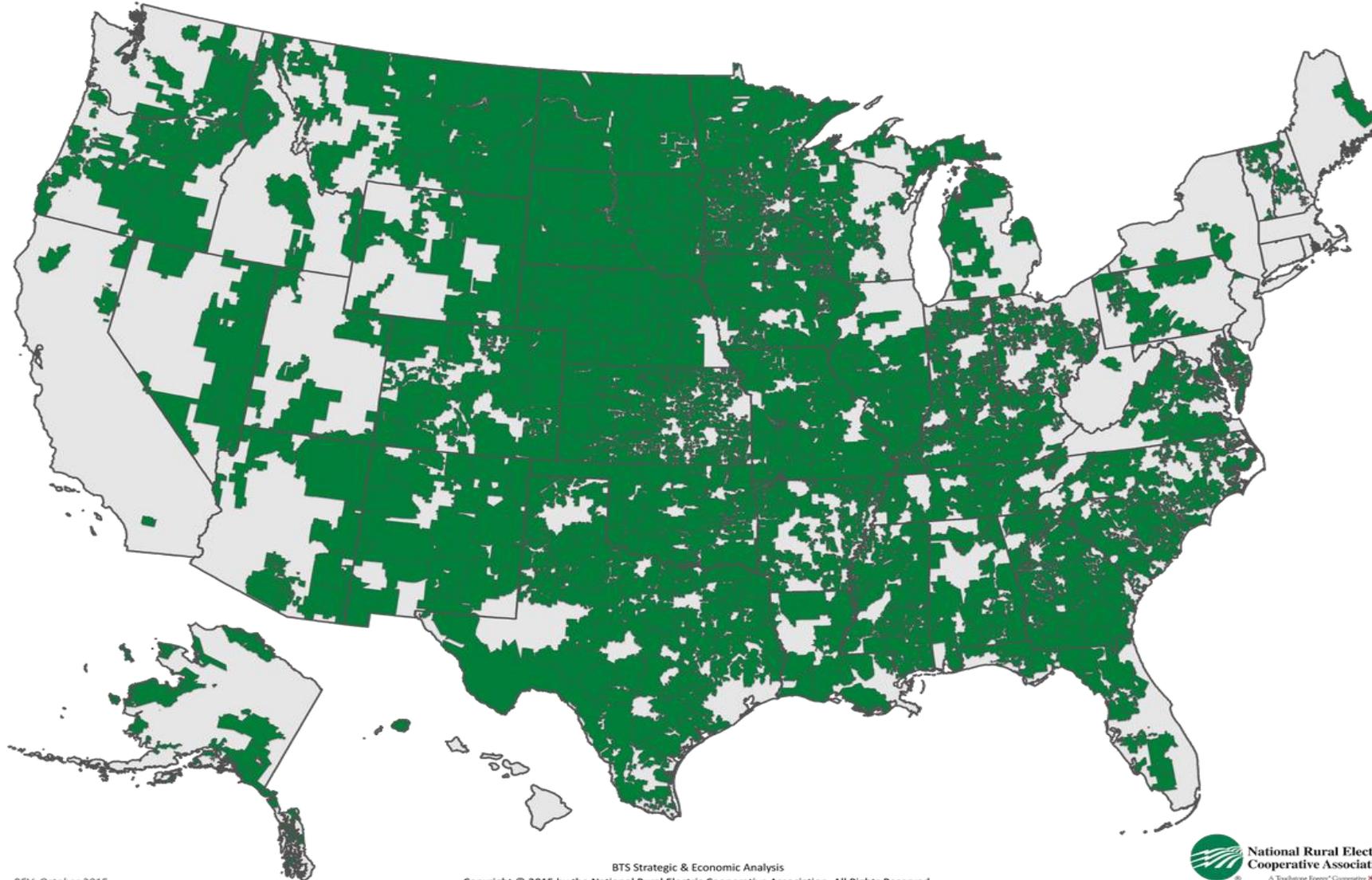
- Wholesale power and transmission aggregation
- Pool resources to meet those needs reliably and more cost-effectively

Function:

- Power supply and transmission aggregator
- The nature of these services lends itself to aggregation
- Produces benefits for cooperative consumers

Electric Cooperatives in U.S.

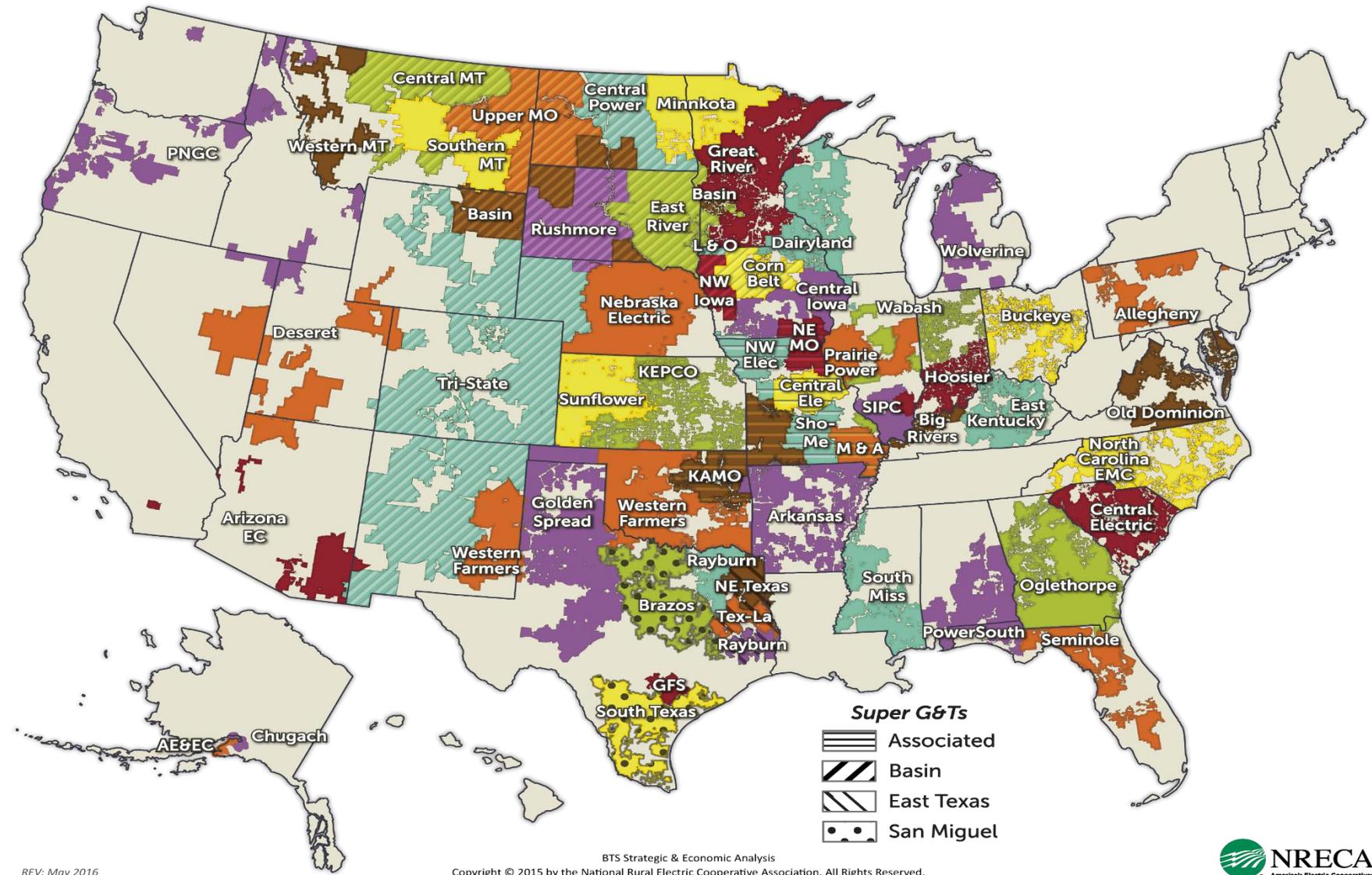
Electric cooperatives power 56% of the nation's landmass.



Co-op Generation and Transmission Providers



Where you see distribution co-ops, you see G&T co-ops



Central's Role in the Physical System



2017 Simplified Model

**Generators
Bulk Electric
System**



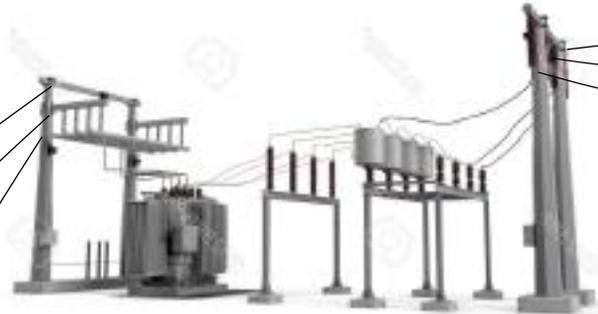
**Power Supply
6.86 ¢/kWh
89%**



**Bulk Transmission
0.54 ¢/kWh
7%**

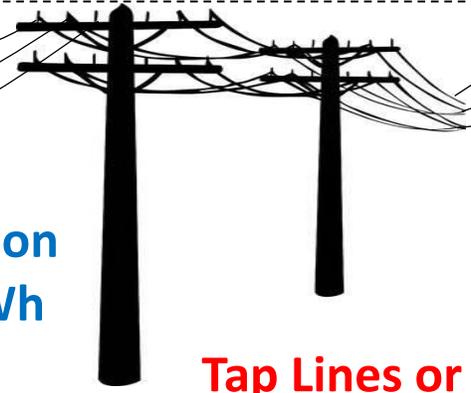


**Central
Costs
0.11 ¢/kWh
1%**



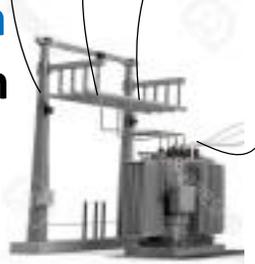
Switching Station

**Central
Transmission
0.17 ¢/kWh
3%**



Tap Lines or Radial Lines

**Total
7.68 ¢/kWh
Distribution
Co-op
100%**

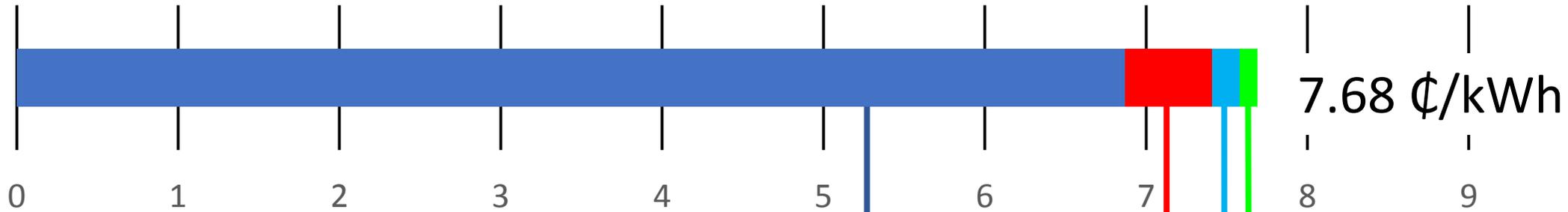


Distribution Substation



Member

Make up of Central's Cost



- Power Supply 6.86 ¢/kWh
 - Duke, Santee Cooper, SEPA

- Bulk Transmission 0.54 ¢/kWh
 - Duke, Santee Cooper, SEPA, SCE&G

- Central Transmission 0.17 ¢/kWh

- Central Costs 0.11 ¢/kWh

Load Factor



Load factor – a measure of how efficiently you use power.

- High load factor
 - An industry with motors and machines running constantly
- Low load factor
 - A home or group of homes that use power more variably
- Utilities with lots of industries usually have high load factors.
- Utilities with lots of homes and small businesses have lower load factor.

Comparing Invoices



Illustration

Rate (¢/kWh) Load Factor

	Rate (¢/kWh)	Load Factor
Typical 2017 Co-op Bill from Central	7.68	59%
Low Load Factor Co-op Bill	8.25	52%
High Load Factor Co-op Bill	6.82	77%

Load Factor is the relationship between peak demand and energy that measures the effectiveness of usage.

Key Points

Energy consumption and charges vary.

“Rate” changes with energy consumption, but similar demand.

Essential Concept

Energy rates are often used to compare electric charges, however an accurate comparison must consider load factor when discussing wholesale rates.

See Slide No. 65 in Appendix for detailed calculations

Agenda

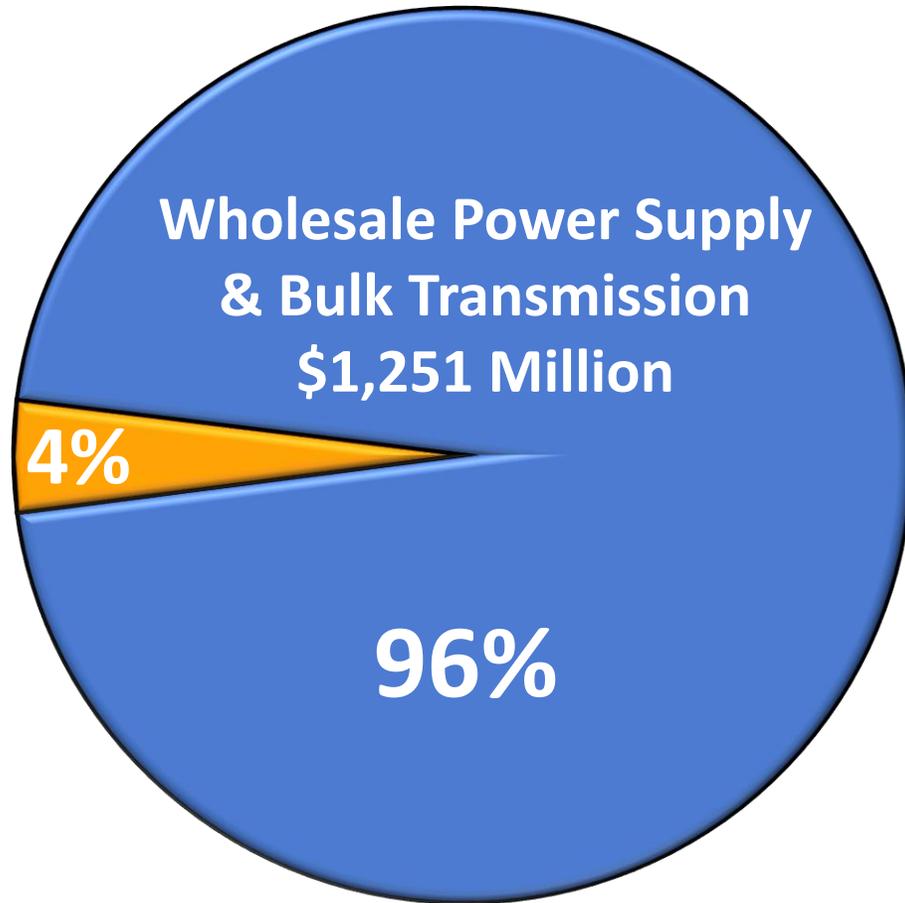


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Central “Cost of Service” to Electric Co-ops



2017 Cost of Service
\$1,306 Million

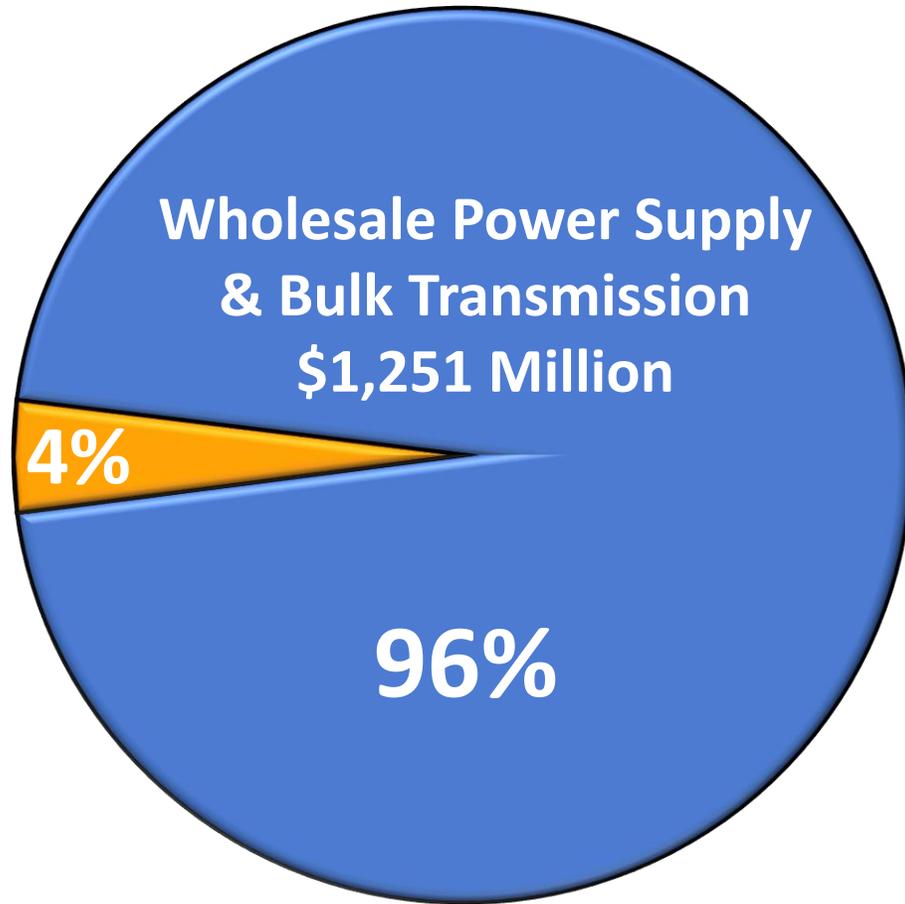


Wholesale Power Supply & Bulk Transmission		
Wholesale Power Supply		
Santee Cooper	\$963 Million	73.7%
Duke Energy	\$186 Million	14.2%
SEPA	\$15 Million	1.2%
Bulk Transmission		
Santee Cooper	\$74 Million	5.7%
Duke Energy	\$9 Million	0.7%
Other	\$4 Million	0.3%
Total	\$1,251 Million	95.8%
Central Costs by Core Services		
Power Supply	\$16 Million	1.2%
Central Transmission	\$29 Million	2.2%
Economic Development	\$5 Million	0.4%
Finance & Administration	\$5 Million	0.4%
Total Central Costs	\$55 Million	4.2%
Total Cost of Service	\$1,306 Million	100%

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Central Power Supply Mix



Source of wholesale power – mainly long-term contracts

- Board direction – leverage companies with expertise in developing and operating generation assets
- Common business model – numerous co-ops and municipal entities

Power Suppliers

- Santee Cooper
 - All power requirements for co-op deliveries in Santee Cooper territory
- Duke Energy Carolinas (Duke)
 - All power requirements for co-op deliveries in Duke territory
- Southeastern Power Administration (SEPA)
 - Hydro generation entitlements assigned to co-ops

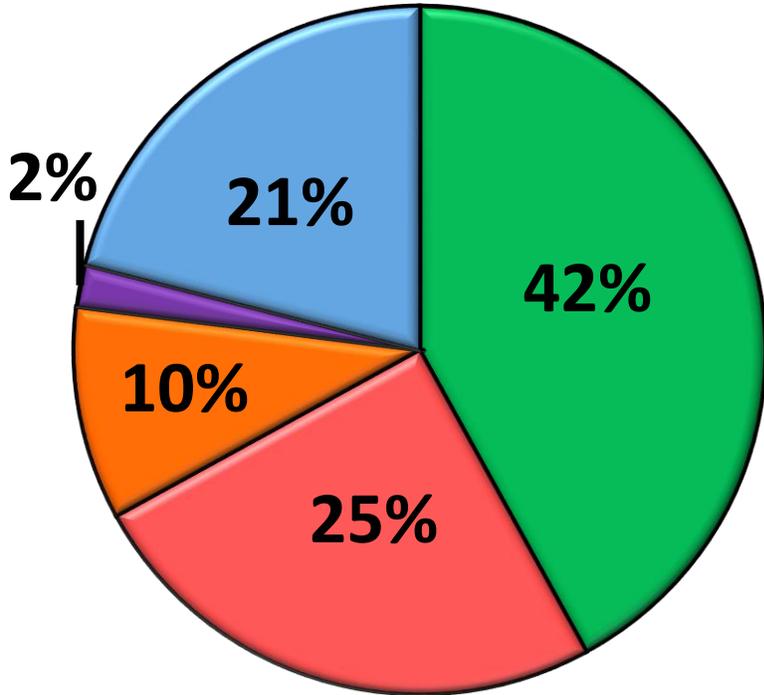
See Slide No. 66 in Appendix for contract summaries



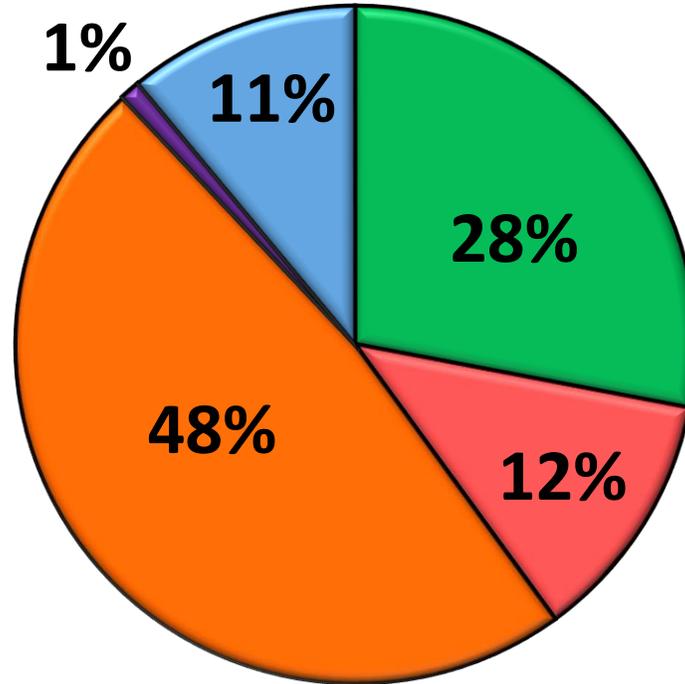
Energy Supply by Generation Source



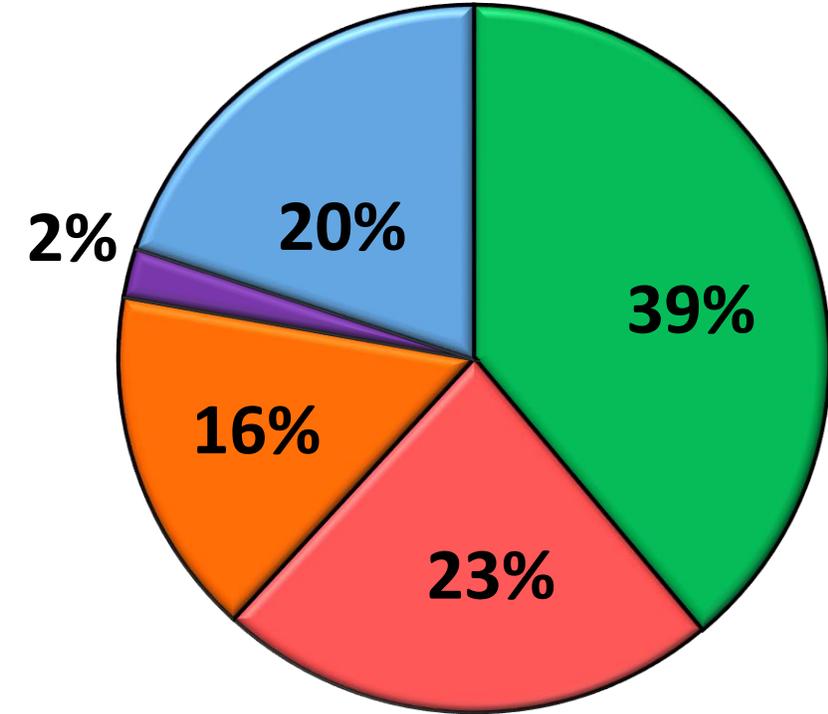
2017 Santee Cooper



2017 Duke



2017 Central Weighted Avg Mix



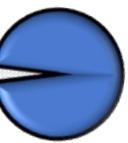
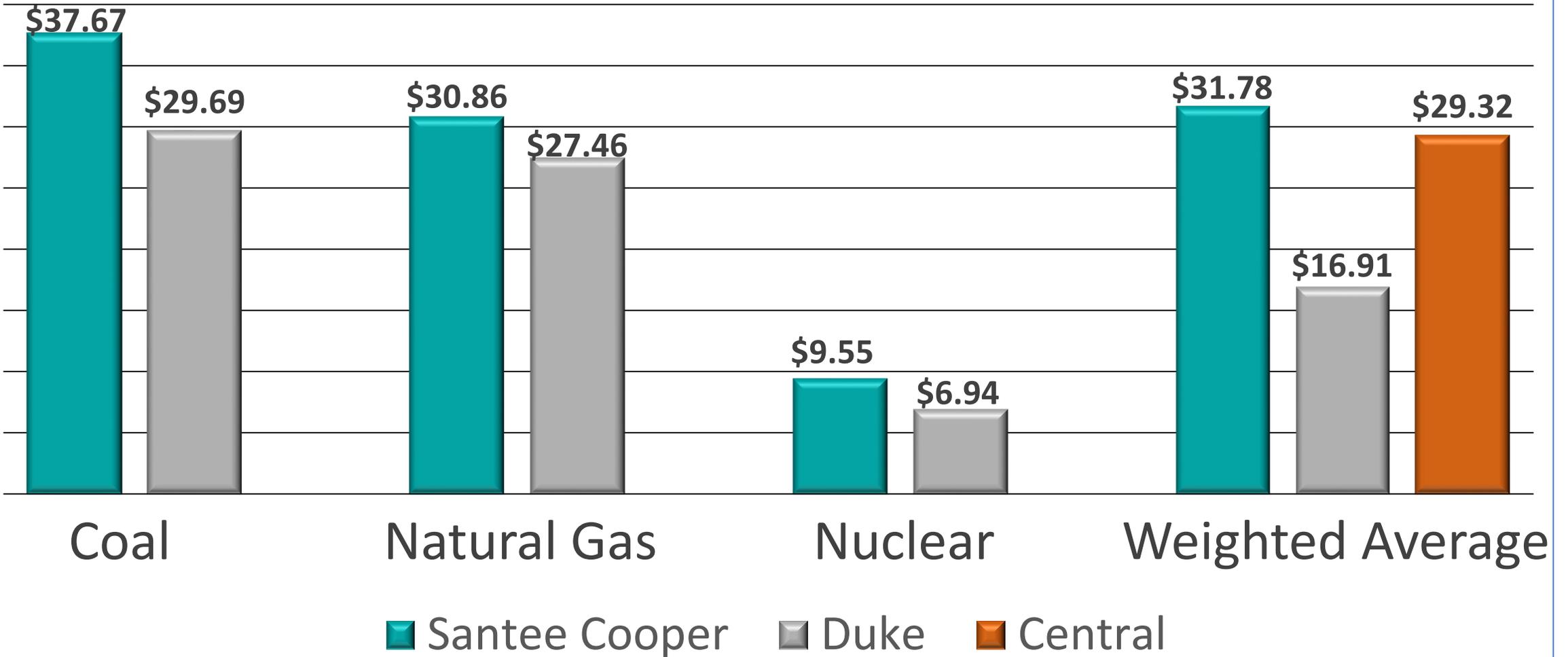
■ Coal
 ■ Gas
 ■ Nuclear
 ■ Hydro and Other
 ■ Power Purchases



Fuel Cost of Power Suppliers and Central's Mix



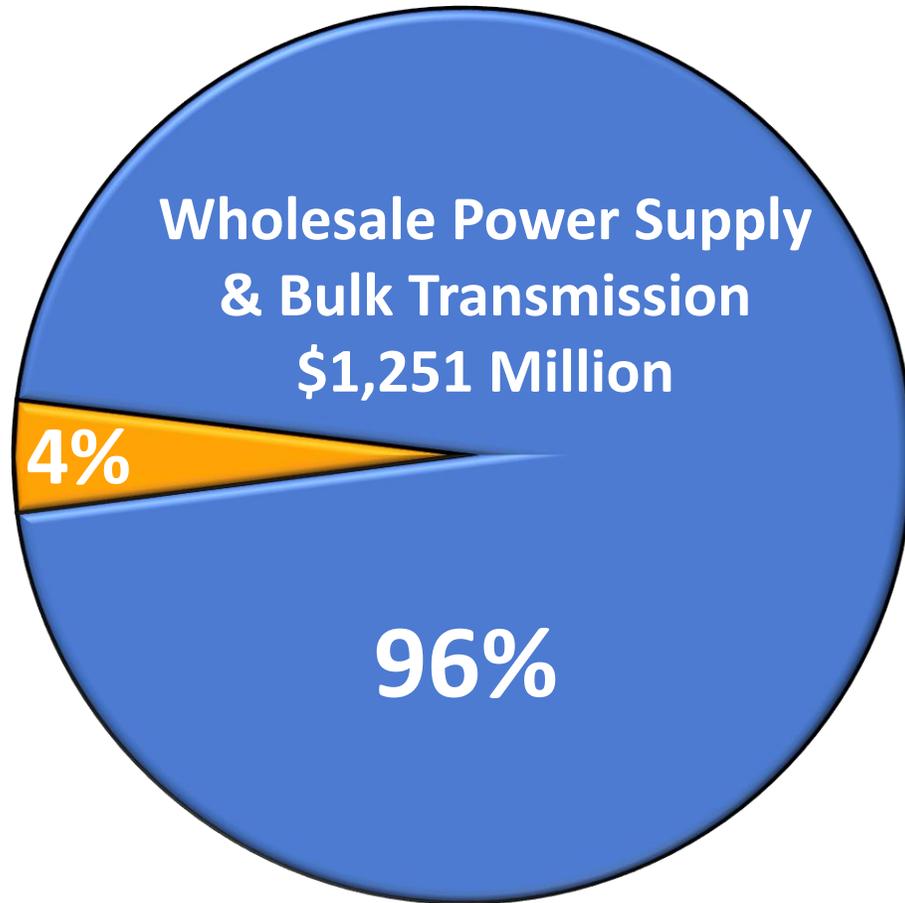
2017 Fuel Cost \$/MWh



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Contract Summary - Transmission



- Central serves as aggregator for all 20 co-ops
- Central has multiple transmission agreements
 - Santee Cooper – Coordination Agreement (which also governs power supply terms)
 - Duke and SCE&G – Network Integrated Transmission System Agreement (NITSA)
 - Southeastern Power Administration (SEPA)



Transmission Provider Reliability and Costs



Transmission Provider	Reliability Percentage
Santee Cooper	99.9977%
Duke	99.9973%
Reliability percentages relate to Central's delivery points from Santee Cooper and Duke	

Transmission Provider	Cost (\$ Millions)
Santee Cooper	\$74
Duke	\$9
SCE&G	\$1
SEPA	\$3



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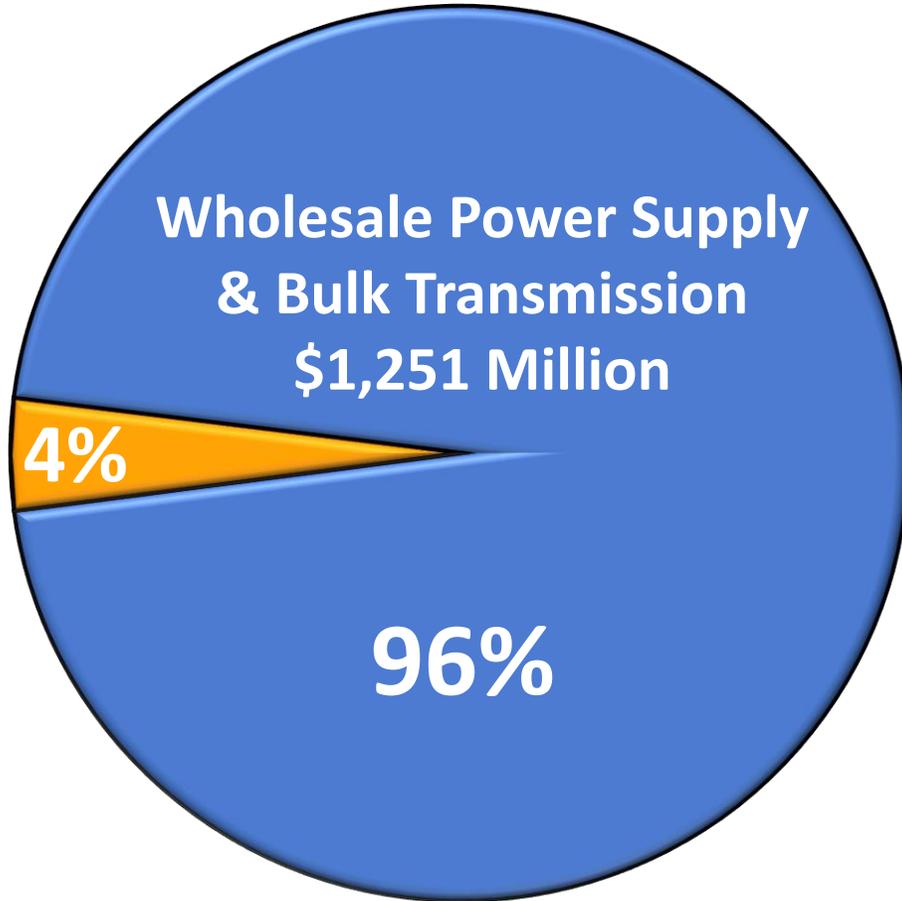


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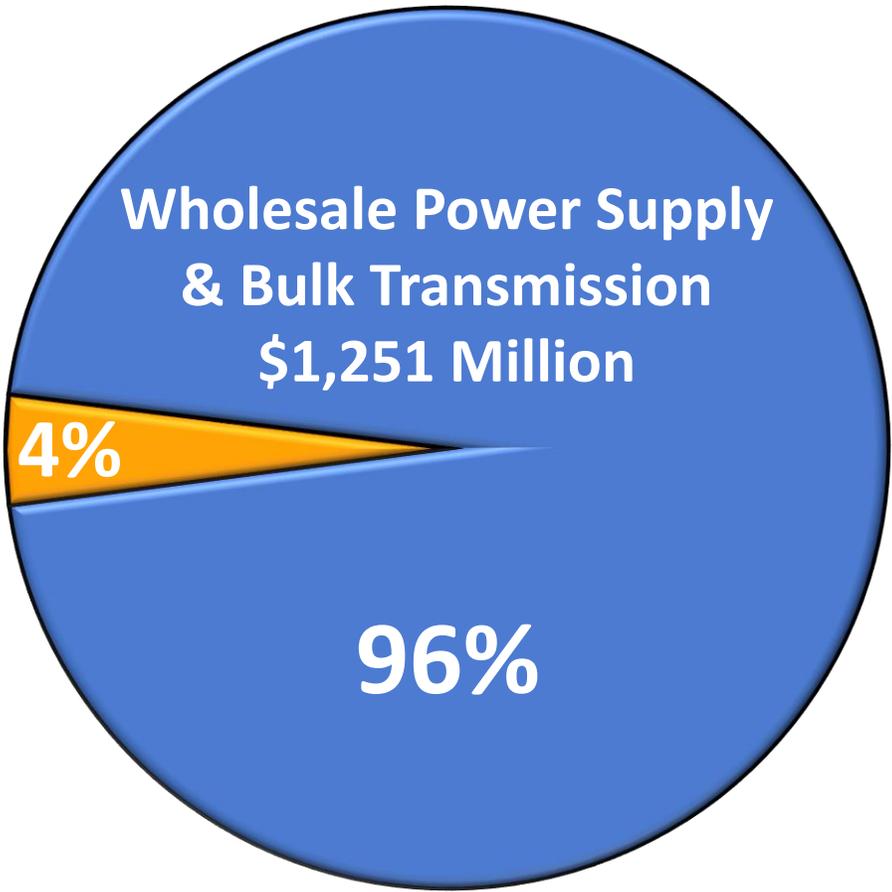
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2017 Cost of Service \$1,306 Million

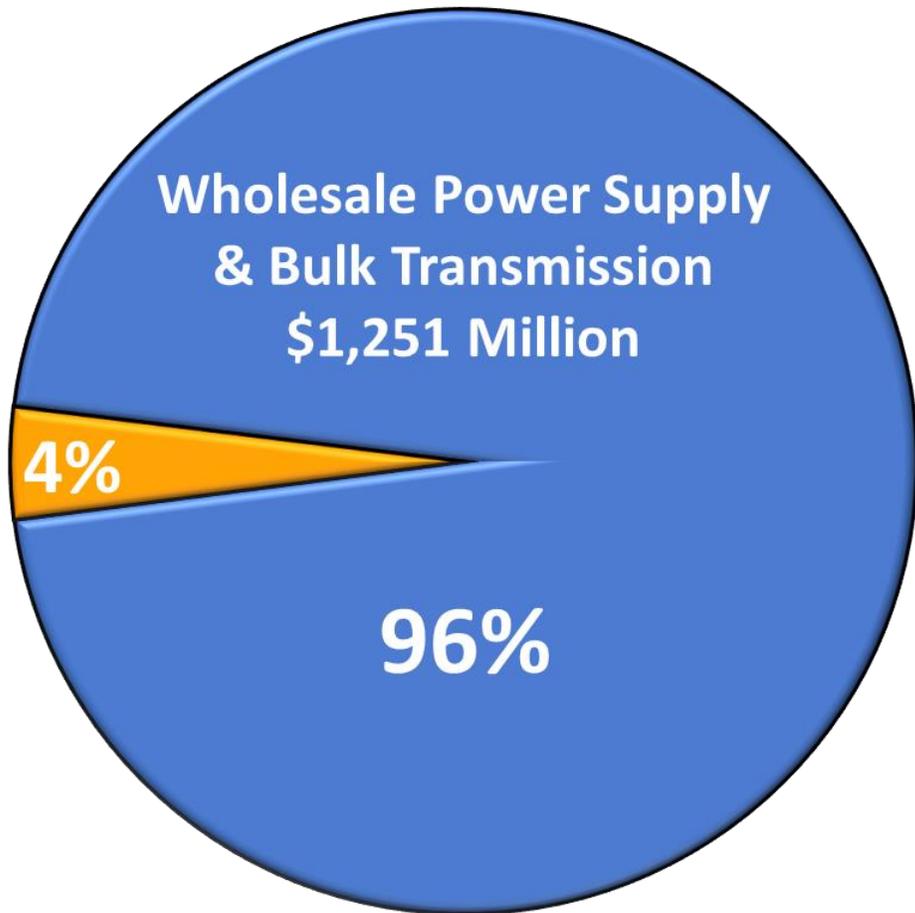
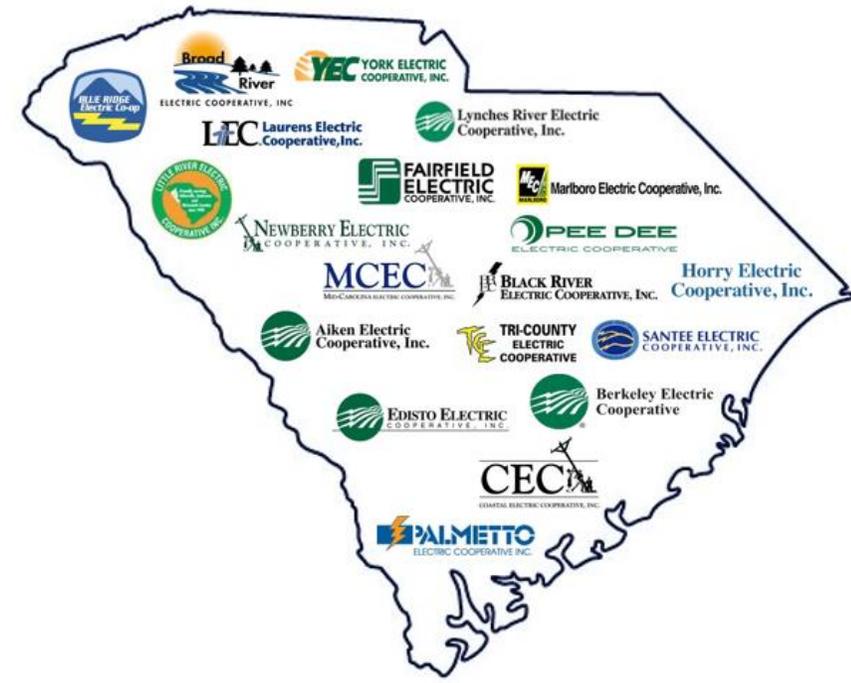


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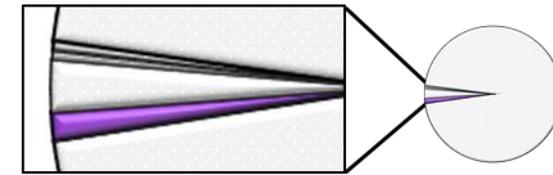
Central Costs by Category		\$55 million	
Payroll & Benefits	\$9 million	0.7%	
Transmission Investment	\$29 million	2.2%	
Department O&M	\$8 million	0.6%	
Economic Development	\$5 million	0.4%	
Net Margins	\$3 million	0.2%	
Governance	\$1 million	0.1%	



Power Supply



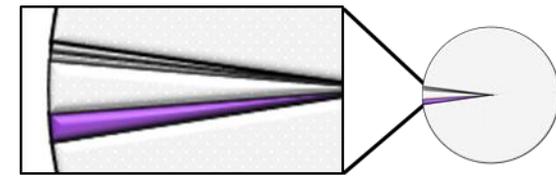
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Distribution Cooperative Service Programs



- Energy use audits for commercial & industrial (C&I) and agriculture consumers
- C&I Lighting
- Demand Management
 - Water Heater and HVAC Load Control
 - Smart Thermostats
 - "Beat the Peak"
 - Electric Vehicle Charging Station – Residential (Pilot Program)
- Program Research and Development

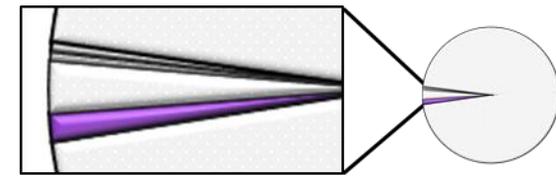


Contract Negotiation – Duke PPA

Duke Energy Carolinas Power Purchase Agreement (2013 – 2030)



- Signing the PPA with Duke enabled the following benefits
 - Diversified power suppliers to mitigate risk
 - Fuel diversification from generation resources
 - Reduction of load on Santee Cooper system
 - Elimination of need for construction of Pee Dee coal station
 - Lowered Santee Cooper's future debt service requirements
- Savings
 - ❑ \$1.8 billion Distribution Cooperatives
 - ❑ \$0.8 billion Santee Cooper Direct-Served Customers
 - ❑ \$2.6 billion Total Santee Cooper System

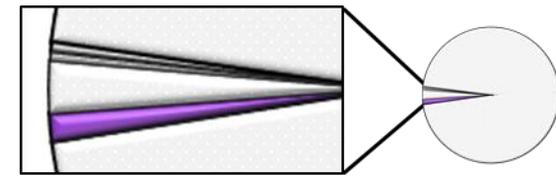


Contract Negotiation – 2013 Amendment

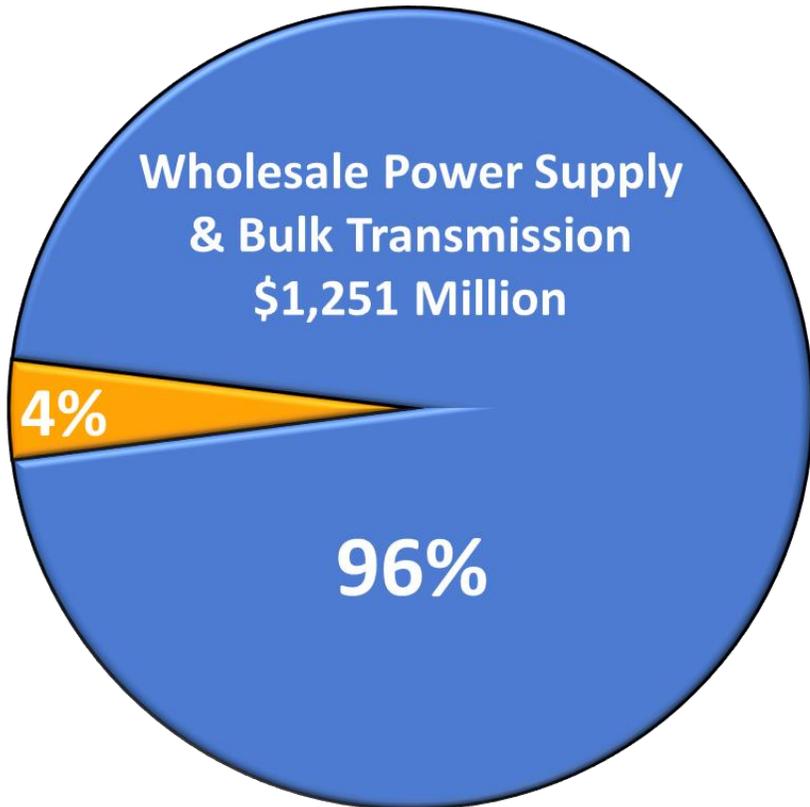
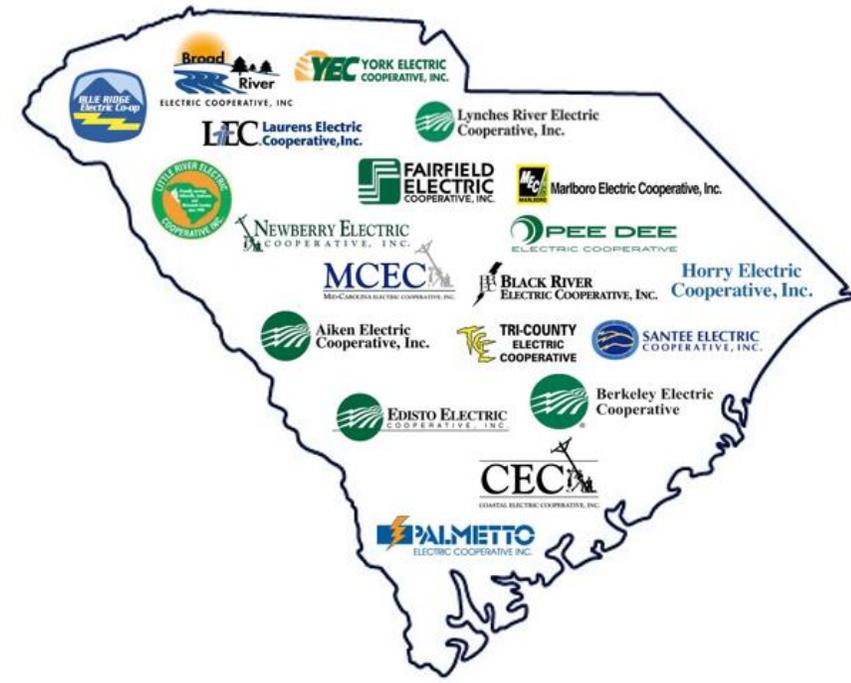
Santee Cooper Coordination Agreement (2013 – 2058)



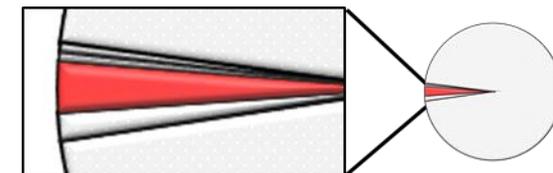
- Central power supply savings passed directly to co-ops
 - ❑ \$0.8 billion Debt Restructuring
 - ❑ \$0.5 billion Contract Modifications
 - ❑ \$1.3 billion Total Savings



Central Transmission



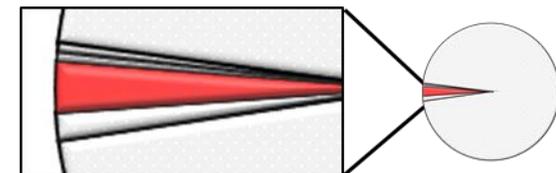
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Central Transmission



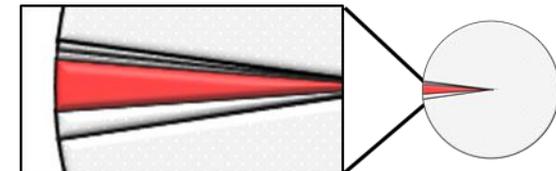
- Design and construct radial transmission lines to deliver power to co-op substations
 - Right of way survey and acquisition
 - Transmission design and construction
- Costs are comprised of depreciation, interest, and property taxes on transmission investment
- Negotiate and manage transmission service agreements with transmission providers



Central Transmission Ownership



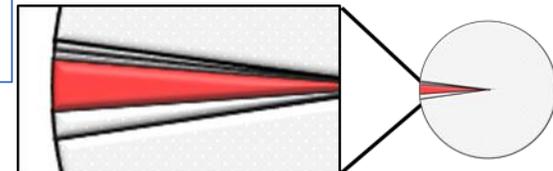
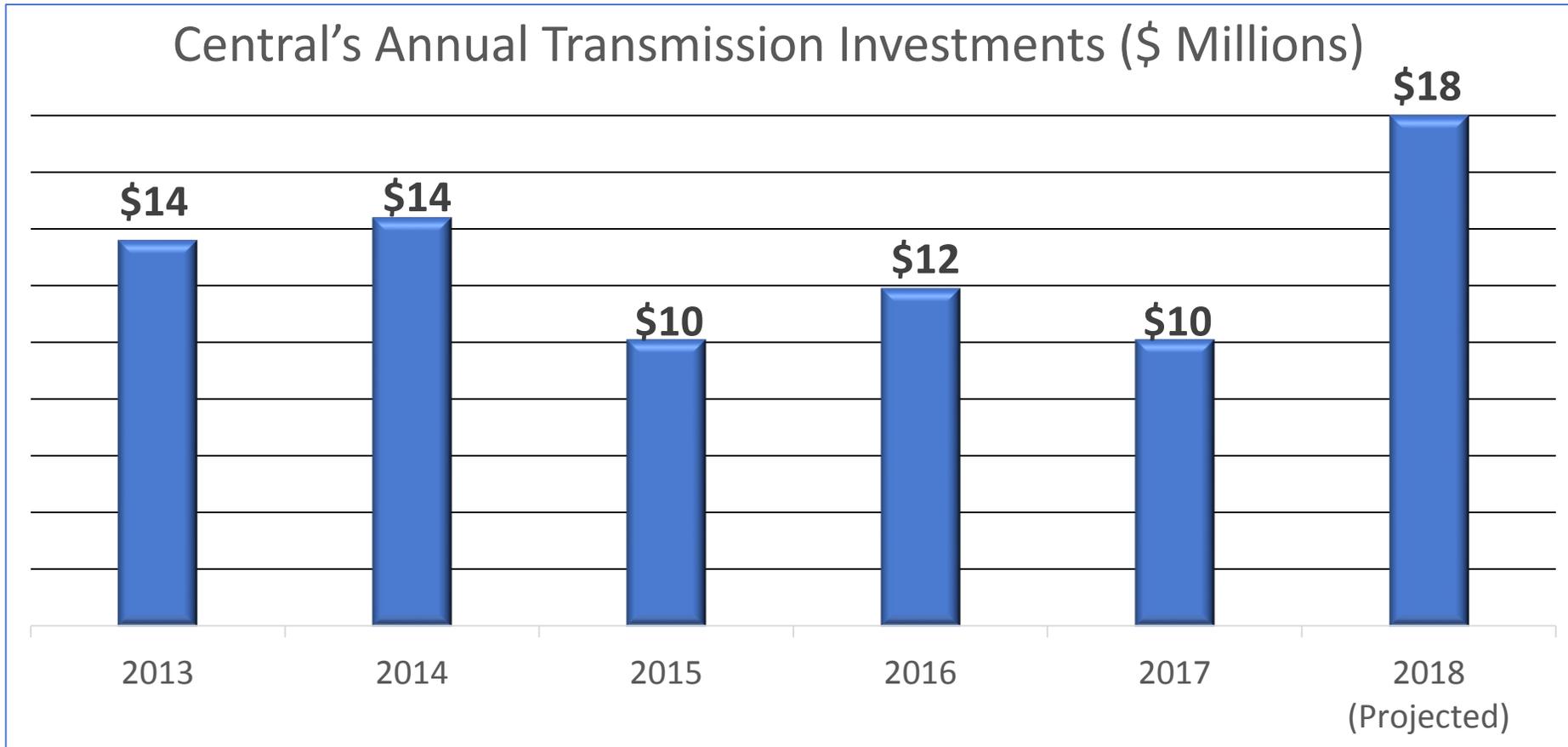
- Central owns 799 miles of transmission lines
 - In the 1950s-1970s, Central financed 2,042 (40%) miles of Santee Cooper's system
- Central contracts for operations and maintenance of its transmission lines to Santee Cooper and New Horizon
- 454 Delivery Points (substations)
 - Santee Cooper 332
 - Duke 113
 - SCE&G 9
- 307 Industrial Meters



Central Transmission Investment



- To ensure reliability to co-op consumers, current investment is outpacing prior years
 - Central has 33 active (and 10 planned) projects



Transmission – Property Taxes

Property Taxes Paid to Each County



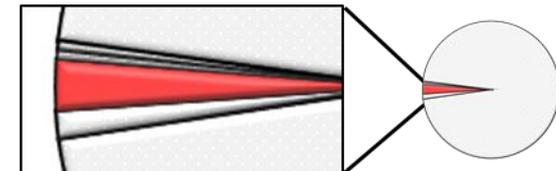
Central paid over **\$7 million** in property taxes in **45 counties** in 2017

Abbeville	\$ 58,034
Aiken	334,415
Allendale	589
Anderson	127,021
Bamberg	73,678
Barnwell	49,886
Beaufort	49,868
Berkeley	112,215
Calhoun	133,971
Charleston	368,901
Cherokee	48,883

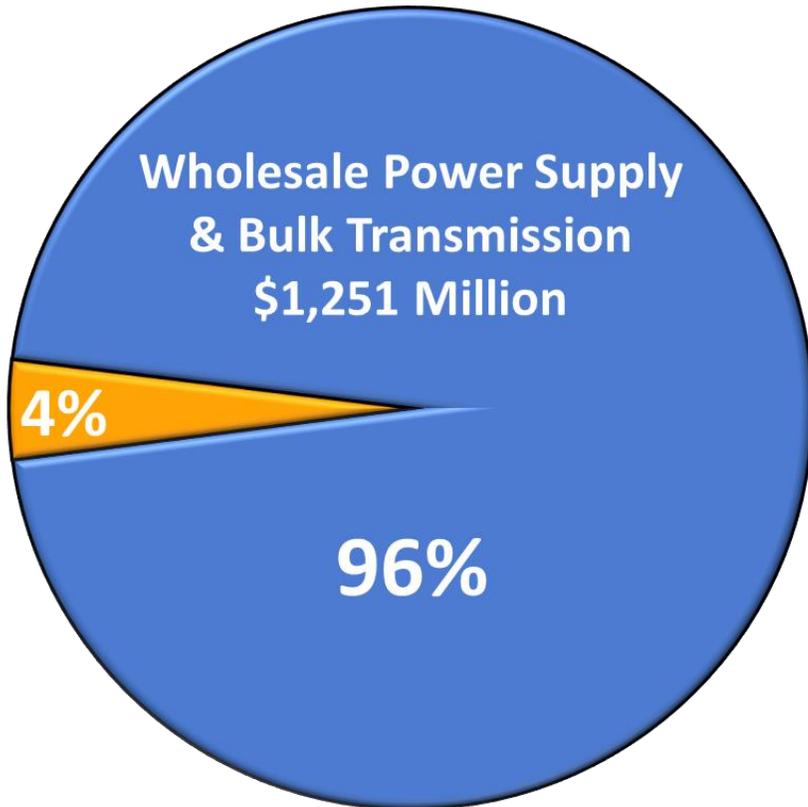
Chester	\$ 212,501
Chesterfield	106,005
Clarendon	185,167
Colleton	275,956
Darlington	113,151
Dillon	65,837
Dorchester	39,545
Edgefield	7,178
Fairfield	19,712
Florence	93,615
Georgetown	94,358

Greenville	\$ 230,258
Hampton	184,986
Horry	120,348
Jasper	351,897
Kershaw	184,662
Lancaster	220,584
Laurens	216,251
Lee	1,590
Lexington	183,978
Marion	3,379
Marlboro	143,313

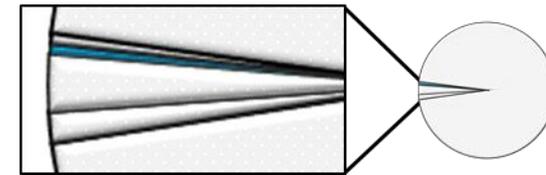
McCormick	\$ 32,431
Newberry	229,460
Oconee	329,778
Orangeburg	212,390
Pickens	52,121
Richland	806,365
Saluda	27,158
Spartanburg	246,244
Sumter	113,155
Union	99,140
Williamsburg	208,182
York	289,878



Economic Development



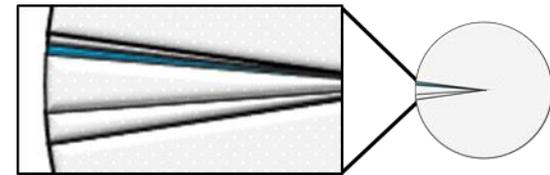
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Electric Co-ops Commitment to Economic Development



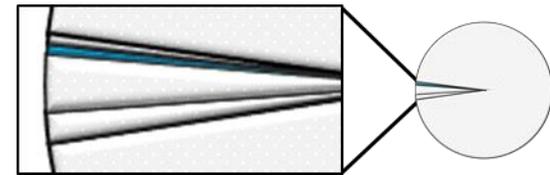
- 2014 - Electric co-ops redesigned their economic development strategy
 - Three areas of focus to deliver results
 - Incentives for critical project requirements with targeted return on investment
 - Development of infrastructure for market-ready sites
 - Assist communities in articulating their workforce assets
- 2017 - Electric co-op decision to take sole control of SC Power Team
 - Historically a joint venture with Santee Cooper
 - Focus efforts on service areas of co-ops
- SC Power Team recently named one of the Top Utilities in Economic Development by Site Selection magazine



Economic Development – Co-op Driven



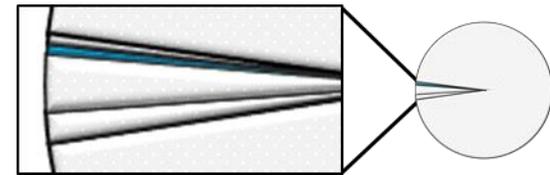
- 2014 – 2017 co-ops exceeded strategic goals
 - 25,688 jobs announced
 - Capital investment of \$5 billion
- Electric co-op load growth lowers the average costs for all co-op and Santee Cooper consumers
- Co-op incentives to projects were critical factors of success



Economic Development – Co-op Driven



- Central works with its power suppliers on economic development for co-op areas
 - Coordination with Duke on opportunities where co-ops can serve customers directly
 - Co-op commitment of \$30 million to site infrastructure improvements
 - Santee Cooper responds to co-op led efforts with loans, grants and other services
 - Central pays its share of these Santee Cooper loans and grants
 - 100% for territories not served by Santee Cooper
 - Pro rata share for territories served by Santee Cooper



Economic Development – Examples of Success



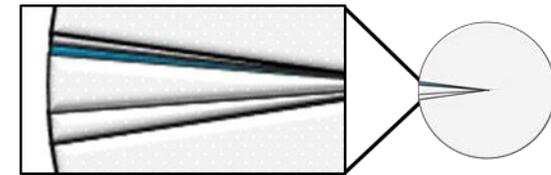
DOLLAR TREE



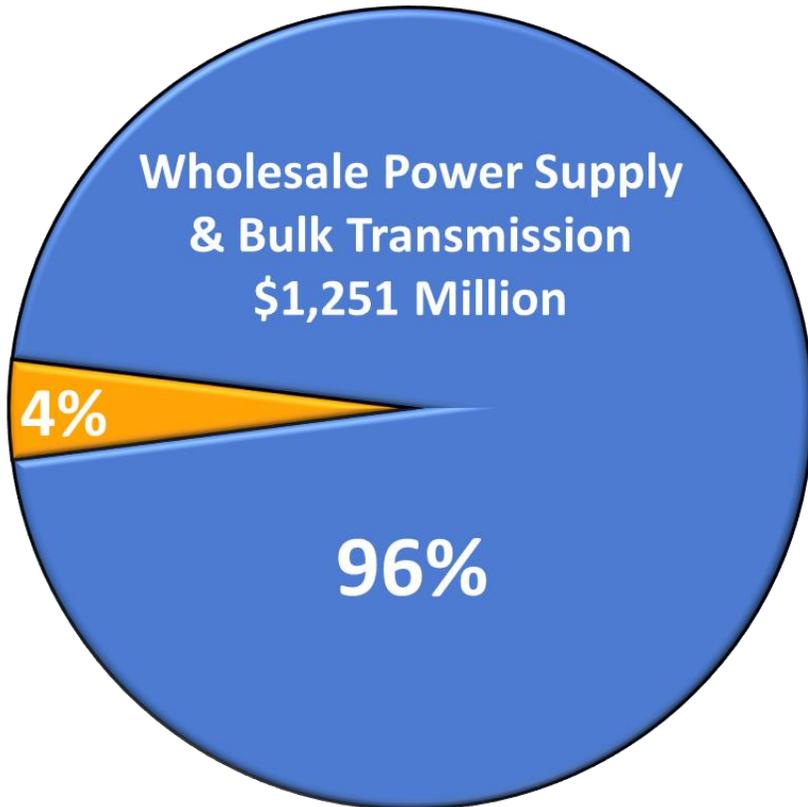
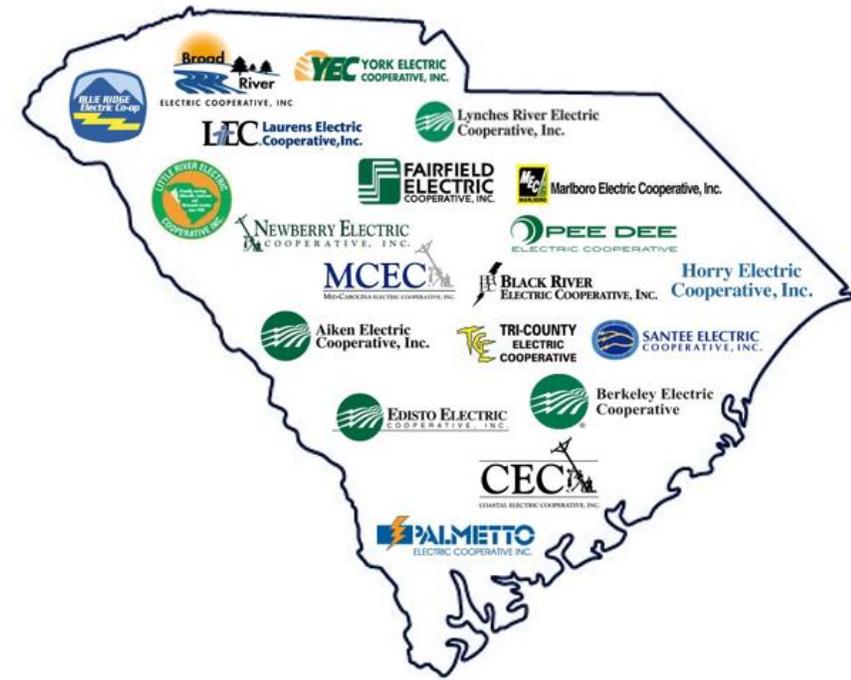
LPL Financial

Lash Group
AmerisourceBergen

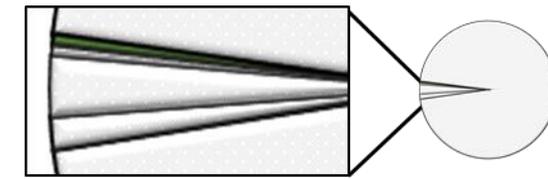
Year Announced	2015;2017	2017	2015	2017	2014
Served By	Edisto Electric Co-op Financial support - Berkeley Electric Co-op	Newberry Electric Co-op	Broad River Electric Co-op	Pee Dee Electric Co-op	York Electric Co-op
Co-op Funding	\$1.725 million	\$3.750 million	\$260,000	\$200,000	\$700,000
# of Announced Jobs	3,900	950	1,000	705	6,400
Total Capital Investment	\$1.2 Billion Initial investment & expansion	\$380 Million	\$194 Million	\$79 Million	\$284 Million



Finance and Administration



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Central's Financial Model – 4 Principles



All 4 principles work together to minimize Central impact on co-op rates

1. Minimize Central's equity levels

In 2017, Central's equity was 12% of total assets.

Net margins were 0.2% (\$3.2 million) of total revenue requirements.

2. Keep long-term financing costs low

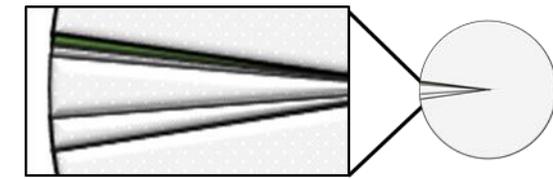
Central's weighted average interest rate on long-term debt is 2.62%

3. Minimize the need for working capital

Central pays its power suppliers after the distribution co-ops pay Central

4. Collect all revenue requirements without built-in cushion

Rate autonomy and intra-year rate adjustments allow Central to collect only the amount it needs to recover costs and margins



Rural Utilities Service (RUS) Requirements



Central takes advantage of low cost financing available under the USDA Rural Utilities Service (“RUS”) program. This program is available to all electric cooperatives and provides access to low cost financing – interest rates are set at U.S. Treasury rates plus $\frac{1}{8}$ %. Central’s weighted average rate on RUS debt was 2.71% in 2017.

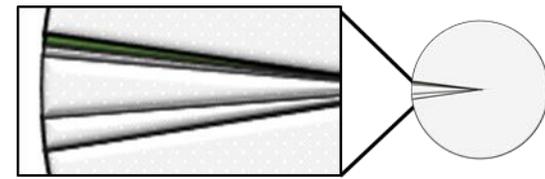
Central must comply with RUS requirements, including:

- Following RUS’ competitive bid process in awarding construction contracts
- Using RUS approved design and construction standards and materials

RUS must be notified prior to:

- Changes to Central’s overall rate structure
- Changes to or termination of any Central/Member wholesale power contract
- Material changes to existing power supply contracts

See Appendix – Page 68 for more information



Central Governance - Board and Committee Structure



The Board

40 Trustees

The Board meets a minimum of six times per year - every other month beginning in January

The Executive Committee meets a minimum of six times per year - every other month beginning in February

Committees

Executive
8 Trustees

Finance, Audit, & Risk
10 Trustees

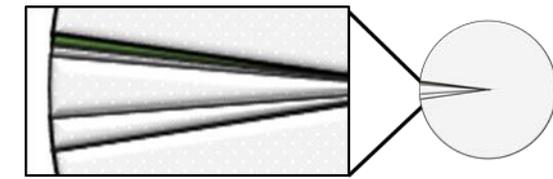
Engineering & Planning
10 Trustees

Power Committee
10 Trustees

Member & Energy Services
10 Trustees

SC Power Team Board

11 Trustees



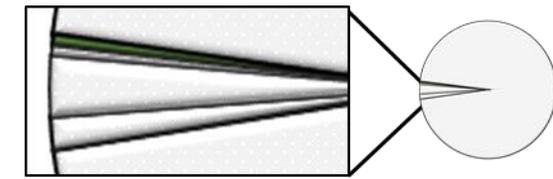
Central Governance - Board Per Diems



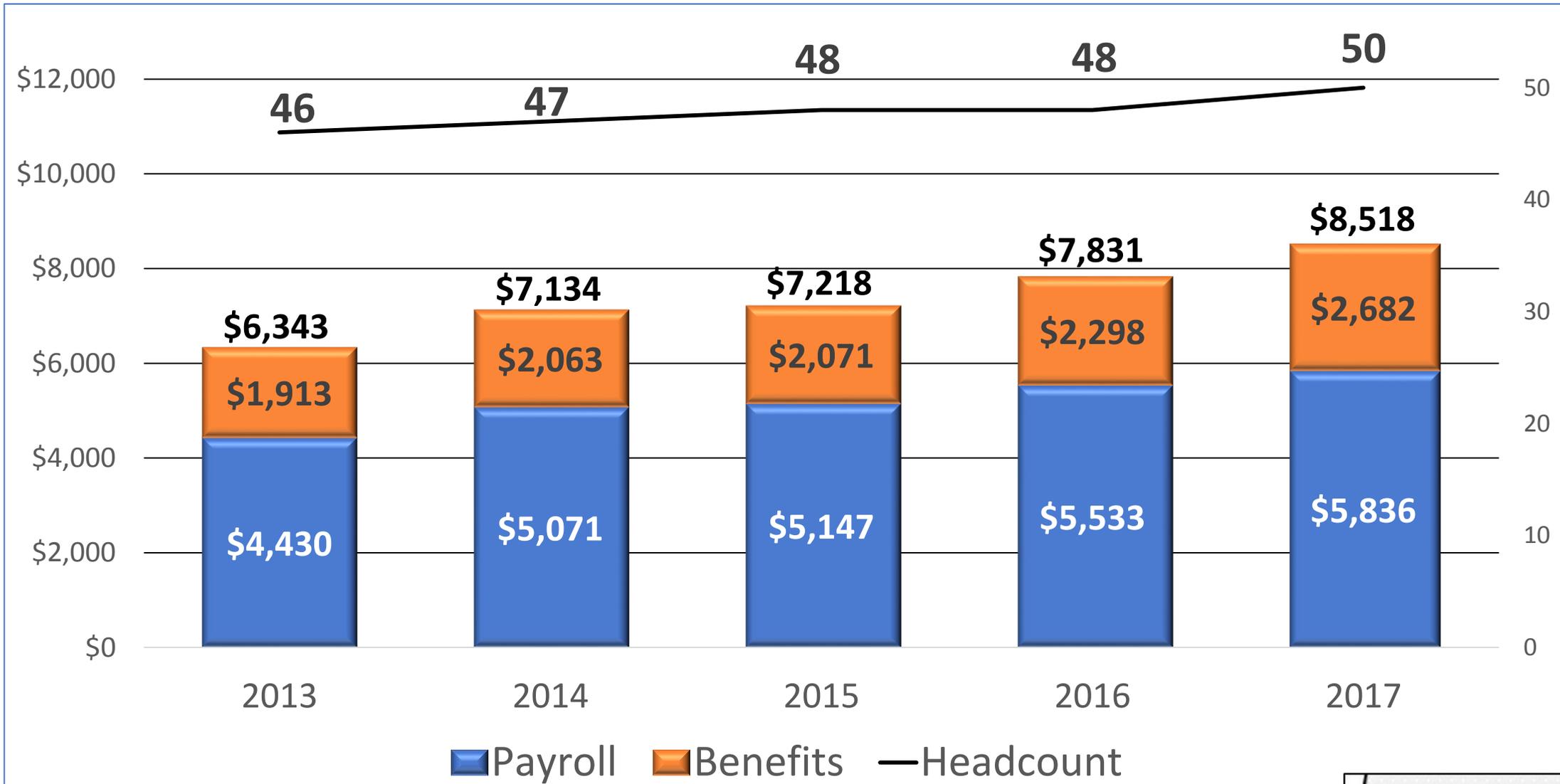
Central	2016
Total Board Expenses	\$789,655
Per diem	\$709
Average # of meetings per person	21

2016	Average per diem per person
Central	\$15,102
Georgia Transmission	\$ 8,971
ODEC (VA, MD, DE)	\$15,200
East Kentucky	\$27,107
North Carolina EMC	\$ 0
Cooperative Energy (MS)	\$ 24,272
Oglethorpe (GA)	\$23,268

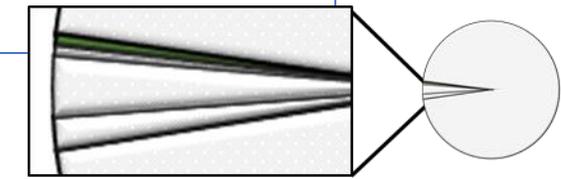
Source Peer Group: 2016 IRS Form 990 on Guidestar.org or 2017 SEC 10K for Oglethorpe



Central Employee Costs (\$'s in Thousands)



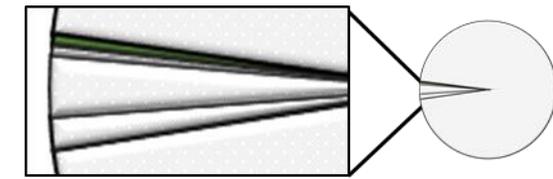
See Appendix – Employee Benefits Detail is available on Pages 69-74





Board policy sets the evaluation and compensation of Central's CEO

- Performance evaluated annually through process of
 - Survey completed by each board member, administered by an independent third-party
 - In-depth performance review by Executive Committee of the Board
- Executive Committee sets compensation based on multiple factors, including comparative salary information from peer group G&Ts
- Board approves any written employment contracts with the CEO



Executive Compensation

Executive Compensation - CEO



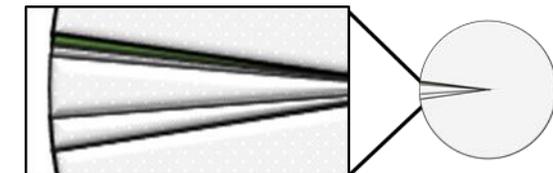
2016	W-2 Wages ¹	Other Compensation ²	Total Compensation ³
Central	\$496,200	\$163,279	\$659,479
Georgia Transmission	\$460,320	\$96,596	\$556,916
ODEC (VA, MD, DE)	\$668,117	\$241,159	\$909,279
East Kentucky	\$818,359	\$649,729	\$1,472,165
North Carolina EMC	\$887,323	\$229,381	\$1,116,704
Cooperative Energy (MS)	\$834,912	\$102,411	\$937,323
Oglethorpe (GA)	\$683,550	\$265,780	\$949,330

¹ IRS Form 990 Part VII, Column D (W-2 Box 5 compensation and includes salary & taxable benefits)

² IRS Form 990 Part VII, Column F (includes: actuarial increase in pension plan benefit, 401k co-op contributions, health insurance benefits)

³ IRS Form 990 Schedule J Part II Column F

Source Peer Group: 2016 IRS Form 990 on Guidestar.org
Oglethorpe: 2017 Annual 10k Report, Summary Compensation Table



Executive Compensation

Senior Staff Average



2016 ⁴	W-2 Wages ¹	Other Compensation ²	Total Compensation ³
Central	\$266,351	\$156,744	\$423,096
Georgia Transmission	\$242,884	\$86,012	\$328,896
ODEC (VA, MD, DE)	\$264,702	\$201,789	\$466,491
East Kentucky	\$318,592	\$105,571	\$424,159
North Carolina EMC	\$321,089	\$98,114	\$419,202
Cooperative Energy (MS)	\$335,170	\$91,855	\$427,024

¹ IRS Form 990 Part VII, Column D (W-2 Box 5 compensation and includes salary & taxable benefits)

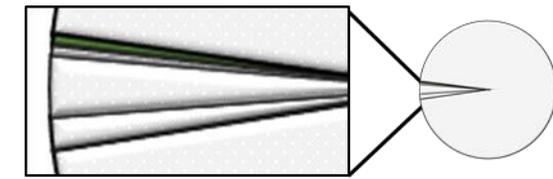
² IRS Form 990 Part VII, Column F (includes: actuarial increase in pension plan benefit, 401k co-op contributions, health insurance benefits)

³ IRS Form 990 Schedule J Part II Column F

⁴ Averages of non-CEO Officers and Key Employees

Source Peer Group: 2016 IRS Form 990 on Guidestar.org

“Senior Staff” – Non-CEO Officers and “Key Employees” (as defined by RUS 990)

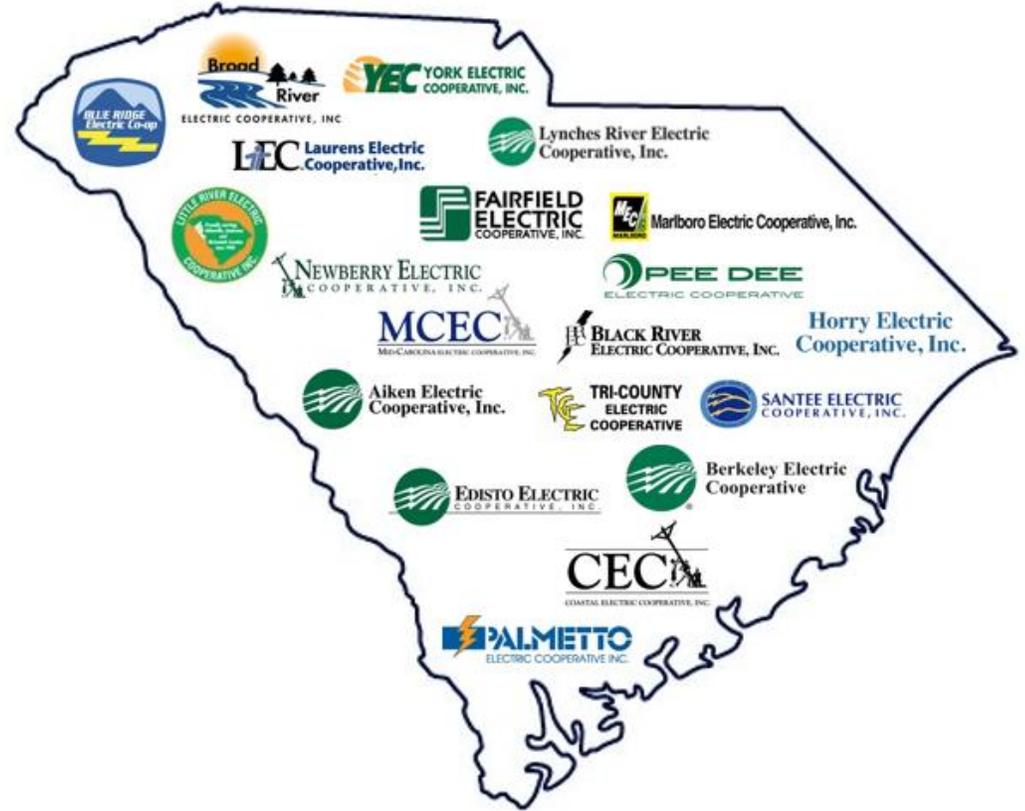


Agenda



- **Who is Central? What Do We Do?**
- **Central's Cost Summary**
 - Cost of Service
 - Wholesale Power Supply & Bulk Transmission
- **Central's Core Services**
 - Power Supply
 - Bulk Transmission
 - Economic Development
 - Central Finance & Administration
- ➔ • **Other Matters**
- **Appendix**

Legal and Contractual Matters



Central Organization



January 15, 1948 - Central Electric Power Cooperative, Inc. was formed

Created under SC Code Section 33-49-220 which allows “two or more cooperatives” to form a cooperative

Seven local distribution cooperatives formed Central for the purpose of providing generation and transmission services

Central currently has 20 cooperative members

Central/Santee Cooper Coordination Agreement

2013 Amendment



Important contract modifications to enhance Central's position

- Right to opt out of future power supply from Santee Cooper
- Elimination of restriction on cooperatives to advocate for a sale of Santee Cooper
- Option to purchase % interest in Santee Cooper generation & transmission facilities used to serve Central subject to General Assembly approval
 - To recognize and preserve Central's investment in the Santee Cooper system
- Joint resource planning
- Participation and influence in fuel supply decisions and financing plan
- "Extension" of contract term to 2058

Retained the right to terminate Coordination Agreement with Santee Cooper change in control

Litigation



Santee Cooper V.C. Summer Litigation



Cook, several other named plaintiffs, and all others similarly situated

VS

Santee Cooper, its directors, Central, Palmetto Electric Cooperative, and SCANA

- Central was named as a **defendant** in the Cook case in September 2017
 - Cross-claim against Santee Cooper asserted in February 2018
- Central's cross-claims against Santee Cooper are a subset of this larger class action case
- The claims of the plaintiffs are similar to those of Central. The plaintiffs class (if certified) will include all of the retail customers of Santee Cooper and all of the members of the Cooperatives.

Central's Claims



1. Inclusion in rates of cost of failed nuclear project is not allowed under the statutory authority granted to Santee Cooper by the General Assembly

- Santee Cooper has the power to build, acquire, construct, and maintain power houses and any and all structures, ..., including power transmission lines, poles, telephone lines, substations, transformers, and generally all things **used or useful** in the manufacture, distribution, purchase, and sale of power generated by water, steam, or otherwise. (§ 58-31-30(A)(7))
- Santee Cooper can only charge for the **“use of their facilities”** or for **“services rendered.”** (§ 58-31-30(A)(13))

Central's Claims



2. Inclusion of the cost of the failed project in rates violates the statutory requirement that rates be just and reasonable (§ 58-31-55(A)(3)(a))

3. Santee Cooper has breached its contract with Central by recovering costs that are not reasonable and not related to providing services, and exhibited bad faith in failing to make material disclosures to Central

4. Constructive trust for Toshiba/Citibank funds

Petition to Supreme Court



- Santee Cooper filed a petition asking the Supreme Court to take the case in its original jurisdiction and stop all other related litigation
- Central opposed this petition
- Plaintiffs filed their opposition to Santee Cooper's petition on August 27, 2018

Current Status of Litigation



- Motion of Santee Cooper to dismiss the claims of its ratepayers, the cooperative customers, and Central was heard by Judge John Hayes on September 20, 2018
- Petition to the Supreme Court by Santee Cooper to have the Court take original jurisdiction of all the Santee Cooper cases is pending
- Full discovery has not commenced

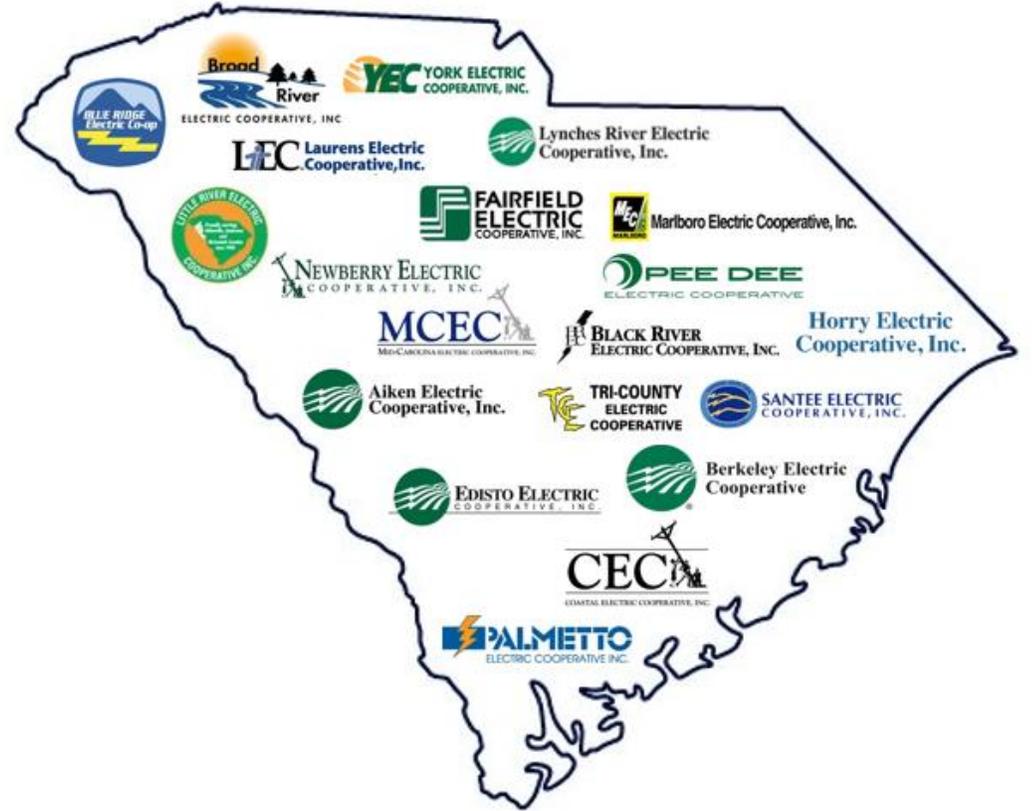


Central is committed to transparency of its operations and governance

Central and the electric cooperatives encourage this Committee to complete an evaluation of Santee Cooper

- Central has directly heard several viable offers from third parties
- Central's interest is the solution that provides the optimal value for cooperative consumers

Appendix



Central Power Supply Contract Summary

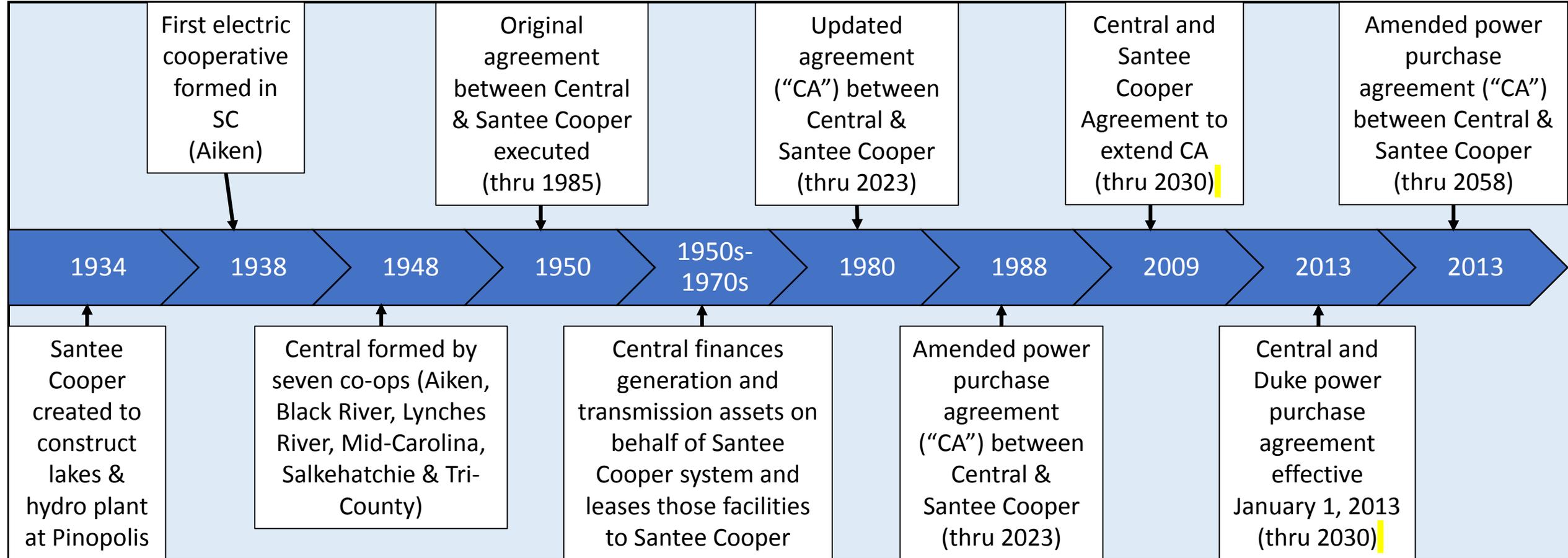


SEPA

<p>Contract Structure</p>	<p>All requirements within Santee Cooper balancing authority area, with limited exceptions</p> <p>Rates based on cost of service methodology, with adjust-to-actual mechanism: monthly for fuel, annually for all other costs</p> <p>Future generation subject to Central opt-out</p>	<p>All requirements within Duke Energy Carolinas balancing authority area, with limited exceptions</p> <p>Rates based on cost of service methodology, with annual adjust-to-actual mechanism for all costs</p> <p>Central ability to reduce peak demand charges subject to contract limitations</p>	<p>Central manages the hydro generation entitlements assigned to its member cooperatives</p> <p>Energy costs are included in Central's wholesale power costs to its member cooperatives</p> <p>Rates are set for a maximum 5-year period and adjusted over the contract term</p>
<p>% of Central Peak Load Served</p>	<p>78.2% - 3,558 MW</p>	<p>17.8% - 810 MW</p>	<p>4.0% - 181 MW</p>
<p>Term End Date</p>	<p>2058 with 10-year termination notice</p>	<p>2030 with 5-year termination notice (ramp down beginning in 2028)</p>	<p>Each contract can be terminated with 24 month notice</p>
<p>Other</p>	<p>Joint committees made up of both Central and Santee Cooper personnel oversee load forecasting, generation expansion planning, transmission planning and operations, fuel procurement, and debt financing</p>		<p>Central can terminate contract with 60 days notice if rate adjustments increase more than 5%. In this event, Central is required to purchase energy for one year at the new rate.</p>

History of Central's Power Supply Contracts

1934 – 2013



Central Financial Model – RUS Requirements



Central takes advantage of low cost financing available under the USDA Rural Utilities Service (“RUS”) program. This program is available to all electric cooperatives and provides access to low cost financing – interest rates are set at US Treasury rates plus 1/8 %. Central’s weighted average rate on RUS debt was 2.71% in 2017.

The terms and conditions of borrowing under the this program translates into RUS becoming a de facto regulator.

Central must comply with the following in order to continue to borrow:

- RUS must approve Central’s:
 - Load Forecast
 - Construction Work Plan
 - Financial Forecast
- Projects must receive RUS environmental clearance prior to inclusion in a loan application
- Central must:
 - Follow RUS’ competitive bid process in awarding construction contracts
 - Use RUS approved design and construction standards and materials
- RUS must be notified prior to:
 - Asset additions or dispositions greater than certain thresholds
 - Changes to Central’s overall rate structure
 - Changes to or termination of any Member wholesale power contract
 - Material changes to existing power supply contracts and certain changes to transmission contracts
 - New power supply or transmission contracts that exceed specified thresholds
 - Short-term indebtedness exceeding certain levels

This notification includes a timeframe for RUS to raise objections to any of the above. If RUS objects, Central may not proceed with the transaction.



NRECA Retirement & Security Plan

Eligibility: All full time employees after 1-year waiting period

Benefit: Age 62 Plan

- Quasi-retirement option available

- Annual COLA adjustment

- 1.8% of average of highest salaries over 5 year period times

- # of years of service

2017 Cost: \$1,399,339



Pension Restoration Plan (closed to new participants in 2014) (2 Participants)

Provides retiree benefits mirroring RS Plan for amounts above IRS limitations. Payments are made to NRECA as part of RS Plan monthly billing. At vesting date (age 62), Central pays the participant a lump sum (calculated by NRECA actuary) which is considered regular wages with federal and state withholding and reported on participant's W-2 and Central's 990. Central withholds payment on its monthly RS Plan billing until the lump sum is recouped.

2017 Cost: Included in RS Plan

Executive Benefit Restoration Plan (replaced PRP in 2014) (2 Current Participants)

Provides retiree benefits mirroring RS Plan for amounts above IRS limitations. A Homestead account has been established for each participant, owned by Central. Annual NRECA actuarial calculations create the accounting entries/footnote disclosures and provide the amount to be deposited into each participant's account. At vesting date (age 62), Central pays the participant a lump sum (calculated by NRECA actuary) from the participant's Homestead account. The lump sum is considered regular wages with federal and state withholding and reported on the participant's W-2 and Central's 990.

2017 Cost: \$324,584 expense as calculated by NRECA actuary



Health Insurance (NRECA Group Insurance Plan)

Eligibility: All Full Time Employees

Medical, Dental, Vision Insurance (NRECA Group Insurance Plan)

Benefit: Central pays 100% of employee coverage and 50% of all additional coverage

2017 Cost: \$629,088

Life Insurance (NRECA Group Insurance Plan)

Eligibility: All Full Time Employees

Benefit: Life insurance for employee: up to 3 times salary
(Employee can purchase additional coverage, including spouse, paying all the additional premiums)

2017 Cost: \$46,564

Spousal Life Insurance (NRECA Group Insurance Plan)

Eligibility: All Full Time Employees

Benefit: \$10,000 life insurance on spouse

2017 Cost: Included in Life Insurance above



Long-term Disability Insurance (NRECA Group Insurance Plan)

Eligibility: All Full Time Employees

Benefit: 67% of salary upon total disability after 13-week waiting period

2017 Cost: \$34,574

Short-term Disability Insurance (AFLAC)

Employees can purchase coverage via payroll deduction

Benefit Cost: No cost to Central

S&P Credit Rating

Credit Ratings & Comparative Metrics



	Total Assets \$ in millions	Operating Revenues \$ in million	Peak Demand In MWs	# of Meters Served	DSC Ratio	MFI Ratio	Average Cost of Debt
Central	\$393	\$1,306	3,853	775,000	1.10	1.73	2.61%
Georgia Transmission	\$2,651	\$293	8,705	1,887,705	1.22	1.22	3.57%
Old Dominion (VA)	\$2,209	\$753	2,911	580,000	1.32	2.13	4.89%
East Kentucky	\$3,825	\$862	2,871	588,636	1.26	1.19	3.94%
North Carolina EMC	\$2,073	\$993	3,820	999,205	1.22	1.38	4.59%
Cooperative Energy (MS)	\$1,661	\$779	1,575	427,147	1.61	1.46	3.91%

Source: G&T Accounting & Finance Association Annual Directory June 2018
Reporting #s are for year-end 2017

