Preliminary Questions
Responses of Catherine E. Heigel

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Preliminary Questions
Candidate: Catherine E. Heigel

A. Candidate Background

1. List and describe any professional experience or education you have in the following areas: accounting, finance, leadership, business operations, risk management, corporate governance, energy, engineering, or the sciences.
ANSWER: I have experience in the energy industry through my work: (1) as an attorney for the South Carolina Department of Consumer Affairs (Consumer Advocate), (2) as an attorney and business executive for Duke Energy Corporation ("Duke"), and (3) as general counsel and corporate secretary for American Transmission Company ("ATC"). Additionally, in my attorney roles for Duke and ATC, I helped to manage enterprise risk and corporate governance issues. In terms of professional education, I have a law degree from The Ohio State University and I have completed advanced management programs at The Wharton School of the University of Pennsylvania and The Kenan-Flagler School of Business at the University of North Carolina, Chapel Hill.

2. Are you currently a customer of Santee Cooper?
ANSWER: No.

3. To what do you attribute your success in your career? What qualities do you possess that enabled you to be successful? How are those qualities going to make you an effective member of the Board of Directors at Santee Cooper?
ANSWER: I attribute my career success to great mentors and hard work. I believe the personal qualities that have most contributed to my success are a passion for learning, an open mind and a willingness to compromise. I will take the time necessary to inform myself on issues affecting Santee Cooper and not prejudge options, but rather participate with my peers to fully evaluate the information before us and make decisions in the best interests of Santee Cooper and its customers.

4. Please describe any experience you have had on other boards. Based on those experiences, what is your impression of how a board should operate (in regards to interaction with the management, involvement with daily operations, contact with companies doing business with Santee Cooper, etc.)?
ANSWER: I have served on several non-profit governing boards, as well as non-governing advisory boards. These include The Greenville Symphony Orchestra Board, Meals on Wheels of Greenville Board, the Palmetto Conservation Foundation Board, the Original Six Foundation Board, and the USC Honors College Partnership Board. Based on my experience on these boards, as well as my experience as Corporate Secretary of a for-profit utility – ATC – I believe the role of the board is one of fiduciary and governing body. The board's role is to set policy and provide direction for the company,

while the management team's role is to execute on this direction. Board members should not be engaged in the day-to-day operations of the company and board members should not insert themselves into the business affairs of Santee Cooper and its contractors/vendors.

5. What is your estimate of the time required to serve as a member of the Board of Directors for Santee Cooper? Are you able to give that time to the position?
ANSWER: For board members who are not committee chairs, I understand the time commitment to be approximately 20 days of meetings and meeting preparation time per year with additional conference calls in between scheduled meetings. I am able to dedicate the necessary time to serving on the Santee Cooper board.

6. Do you have a relationship with any of the charities that Santee Cooper has supported in the last five years? If so, please provide the name of the charity and describe the relationship.
ANSWER: Yes. Santee Cooper supports The United Way and I have donated at a leadership level ($1000 - $1200/year) to The United Way through my employers -- Duke, ATC and Elliott Davis. Santee Cooper also funds a life scholarship in the College of Engineering & Computing at the University of South Carolina. I have established an endowment in my mother's name, the Deborah Y. Edwards Endowment, at the University of South Carolina. Although fully funded, I plan to continue to contribute to my mother's fund and to the university annually.

7. Have you made any political contributions in the past five years? If so, how much and to whom were the contributions made?
ANSWER: Yes. Please see the chart below.

Recipient	Amount	Date
Bill Sandifer	$1000	5/11/2010
Mick Mulvaney (Fed)	$1000	6/8/2010
Ashley Cooper	$250	6/30/2010
Vincent Sheheen	$1000	7/22/2010
Alan Wilson	$500	9/7/2010
Ashley Cooper	$500	10/4/2010
Alan Wilson	$750	12/20/2010
Alan Wilson	$1000	8/26/2011
Lindsey Graham (Fed)	$1000	11/21/2011
Bobby Harrell	$500	11/30/2011
Ted Vick	$500	3/20/2012
Committee to Elect a Republican Senate of Wisconsin	$250	11/01/2012
Lindsey Graham (Fed)	$1000	1/10/2013
Elizabeth Colbert Busch (Fed)	$2516	4/9/2013
Lindsey Graham (Fed)	$1000	5/21/2013
Nikki Haley	$1000	8/19/2013

Rita Allison	**$150**	**11/19/2013**
Pat McKinney	**$250**	**1/6/2014**

8. Do you or any of your immediate family members (as defined in S.C. Code Ann. § 8-13-100) have a business, financial, or other relationship with Duke Energy or any of its subsidiaries, SCE&G, or an electric cooperative? Do you or any of your immediate family members have a business, financial or other relationship with any other investor-owned utility or an electric cooperative that operates outside of South Carolina? Please include any stock that you or an immediate family member own in these companies and/or any mutual funds that you or an immediate family member own that invests in these companies.
ANSWER: My father, Thomas J. Edwards, owns 26.116 shares of Duke Energy Corporation stock with an estimated market value of $1846.40 (at $70.70/share). Aside from this nominal investment held by my father, neither I nor any member of my immediate family has a business, financial or other relationship with any investor-owned utility or electric cooperative inside or outside of South Carolina.

9. As a director of Santee Cooper would it be ethical for you, your family, or businesses or charities with which you or they have a business, financial, or other relationship to benefit from any Santee Cooper business opportunity or contract? Why or why not?
ANSWER: This scenario presents a possible conflict of interest and should be governed by the Board's Conflict of Interest Policy. If a board member or her family member, business or associated charities would benefit from a Santee Cooper business opportunity or contract, a conflict of interest may exist and the company's General Counsel should be consulted. A conflict of interest arises when a board member who has a fiduciary responsibility to the company is in a situation where her own self-interest and the interests of the company might be in conflict. A board member should not participate in any discussion or vote on any matter in which she or a member of her immediate family has a potential conflict of interest as a result of having a material economic interest in the matter being discussed. When such a situation arises, the director should announce her potential conflict, disqualify herself, and excuse herself from the meeting until discussion is over on the matter involved.

B. Operations of Santee Cooper

1. What services does Santee Cooper perform, and where are those services performed?
ANSWER: Santee Cooper is a public power provider that is owned by the State of South Carolina. It provides wholesale power to approximately $2million South Carolinians and large industrial customers in all 46 counties of the state. Santee Cooper also directly serves more than 166,000 retail and

commercial customers in Berkeley, Georgetown and Horry counties. In addition to electric power, Santee Cooper provides water to over 75,000 customers through the Santee Cooper Regional Water System and Lake Marion Regional Water System.

2. Generally, who are Santee Cooper's customers? Who is Santee Cooper's largest customer?
ANSWER: Santee Cooper's customers are electric cooperatives, cities, industrial customers, Charleston Air Force Base and retail residential and commercial customers. Santee Cooper's largest customer is Central Electric Cooperative.

3. What are Santee Cooper's most valuable assets?
ANSWER: Santee Cooper's most valuable assets are its employees. Without doubt, Santee Cooper has significant generation, transmission and distribution plant on its books, but power plants, poles and wires have little value without a skilled workforce operating them.

4. Why was Santee Cooper created, and what are its goals? Do you believe Santee Cooper has fulfilled these goals? Should Santee Cooper continue to exist as a quasi-state entity?
ANSWER: Santee Cooper was created to be the state's leading resource for improving the quality of life of South Carolinians through producing and distributing affordable and reliable energy, water and other essential services. Santee Cooper's services promote economic development and prosperity in the state. I believe Santee Cooper will continue to accomplish its original mandate to improve the lives of citizens of this state so long as it provides reliable power and water at competitive rates and materially contributes to the prosperity of South Carolina communities. Provided Santee Cooper fulfills its original mandate, I do not see a need to change its status as a quasi-state public power entity.

5. (a) Do you believe legislative approval is required before Santee Cooper may sell or lease, real or personal property that is used in the generation, transmission, or distribution of electricity if the sale or transfer would not materially impair the authority's ability to meet generation, transmission, and distribution needs of its ongoing operation including an adequate reserve capacity and reasonable growth in needs? (b) If the sale or lease would materially impair Santee Cooper's ability to meet generation, transmission, and distribution needs of its ongoing operation including an adequate reserve capacity and reasonable growth in needs, could Santee Cooper sell or lease, real or personal property that is used in the generation, transmission, or distribution of electricity without legislative approval?
ANSWER: (a) No, legislative approval is not required under S.C. Code § 58-31-30 for the transfer, sale, lease or disposal of surplus real or personal property. (b) No, legislative approval would be required for the transfer,

sale, lease or disposal of real or personal property that is necessary for the generation, transmission or distribution of electricity.

6. How does Santee Cooper compare to government-owned power companies in terms of generation of electricity and sales of electricity?
ANSWER: Santee Cooper is consistently ranked in the top 5 of government-owned power companies in terms of MW capacity and MWh sales. Other large public power entities in the top 5 are Salt River Project, New York Power Authority, and LADPW.

7. What is Santee Cooper's current bond rating, and why is that important?
ANSWER: Santee Cooper currently enjoys a long term Standard &Poor's investment grade bond rating of AA- with a stable outlook. Fitch Ratings assigned a AA- rating to the company's most recent 2013 Series E tax exempt bond issuance with a negative rating outlook. Moody's downgraded the rating of Santee Cooper's revenue bonds from A1 from Aa3 in July 2013, but lists the ratings outlook for the company as stable. All three rating agencies have assigned investment grade ratings to Santee Cooper bonds.

Credit ratings are important because they affect the company's cost of borrowing, *i.e.*, the interest rate that the issuer (Santee Cooper) will pay investors for buying the bonds. Santee Cooper can save or incur significant additional costs in interest over the life of a bond because of its credit rating. Issuers with good credit ratings are able borrow at lower costs.

8. How much money does Santee Cooper contribute to South Carolina's budget per year?
ANSWER: Pursuant to S.C. Code § 58-31-110, Santee Cooper can contribute up to one percent of its projected operating revenues to the State Treasurer for the general funds of the State on a semiannual basis. In 2012, Santee Cooper contributed approximately $19 million to the general fund.

9. What is the dominant fuel source for Santee Cooper? What other sources of fuel are utilized? Do you envision any changes in sources or mix of generation?
ANSWER: The dominant fuel source for Santee Cooper continues to be coal (at just less than 60% in 2012). Other major fuel sources utilized by Santee Cooper are nuclear and natural gas. With new nuclear capacity coming on-line in the next few years, increasing shale gas exploitation and low gas prices, new regulations on greenhouse gas emissions and coal combustion residuals, as well as technological advances in renewable energy and battery storage technologies, I believe Santee Cooper's generation mix will continue to evolve over time.

10. What are the major legal, financial, and personnel challenges facing Santee Cooper today?

ANSWER: Generally speaking, the major legal/regulatory and financial challenges facing Santee Cooper relate to compliance with increasing environmental standards and regulations, new nuclear construction costs, commodity price uncertainty, and reduced load growth. Although I am not personally acquainted with the workforce demographics of Santee Cooper, I expect that the company is also facing the challenge of an aging workforce and having to plan for significant worker retirements. These financial, legal, regulatory and personnel challenges face the electric industry as a whole.

C. **Best Practices for Board of Directors**

1. When the board and the management disagree, how do you believe the disagreements should be resolved?
ANSWER: First and foremost, a board's actions should be governed by the best interest standard set forth in S.C. Code § 58-31-55. Where the board is properly observing this standard and there remains a disagreement with management, it is usually prudent to bring in outside counsel and/or outside consultants to help further inform the discussion and work through the areas of disagreement or concern.

2. If a company is doing business with Santee Cooper and you are personally acquainted with the company's management or familiar with their line of work, how would you handle the situation? Do you think this is a benefit or a conflict of interest? Would you participate in the negotiations between Santee Cooper and this company?
ANSWER: Because of my past work in the electric industry, it is likely that I will be familiar with the business (and possibly the management) of certain vendors or contractors to Santee Cooper. In those cases, I would fully disclose my knowledge and experience with these companies with Santee Cooper's management and board members and let them determine if the information is of value in making an informed decision relative to these companies. To the extent any personal relationship (*i.e.*, more than mere business acquaintances) with vendors' management are involved, I would fully disclose the nature of that relationship and consult with Santee Cooper's General Counsel regarding any possible conflicts of interest. If required, I would recuse myself from any discussion and decisions relative to the vendor. So, depending on the situation, familiarity with a vendor's management or business could be a benefit or a conflict of interest. Finally, I would not participate in negotiations between Santee Cooper and a vendor company because (regardless of whether there's familiarity with the entity) this is a management responsibility and not an appropriate activity for board members.

3. Describe the duty of loyalty and the duty of care you would owe to Santee Cooper.

ANSWER: In accordance with S.C. Code § 58-31-55, I must discharge my duty of loyalty and duty of care in good faith with the care of a prudent person in a like position and in a manner I reasonably believe to be in the best interests of Santee Cooper.

4. To whom do you as a Santee Cooper board member owe duties? What would you do in the case of conflicting interests?
ANSWER: A Santee Cooper board member owes duties to the company's customers, its bondholders and the people of South Carolina (represented by members of the General Assembly and the Governor). In the case of conflicting interests, I will undertake to balance the respective interests in the best interests of Santee Cooper. This is not unlike the task the Office of Regulatory Staff has in balancing the often competing interests of the using and consuming public, the financial health and integrity of the utilities, and the economic development interests of the State of South Carolina.

5. What are the differences between directors and managers? Specifically, what are the roles of each in the business operations of Santee Cooper?
ANSWER: Directors are charged with setting the strategic direction of the company, while managers are responsible for making day-today business and operational decisions necessary to implement that strategy. A board member's role in the business operations of Santee Cooper is one of oversight, not active management. The management team is responsible for running the business.

6. Is it proper for the board of directors not to heed or follow the advice of general counsel? If so, in what instances is it proper?
ANSWER: It depends on the nature of the advice. Often, the General Counsel is called upon to provide both business and legal counsel. In the case of advice that constitutes business judgments, it is management's prerogative to consider and disregard such counsel. In the case of advice that constitutes legal counsel (*i.e.,* what is legal or ethical), it would be improper for the board of directors to disregard such advice in the absence of an outside counsel's legal opinion that supported the board's action.

7. What is the proper role for the board in regards to Santee Cooper's pursuit of economic development for the area and South Carolina?
ANSWER: Success in economic development relies, in large part, on competitive rates. The board has a direct role in setting the strategic direction of Santee Cooper to ensure long-term competitive rates to help existing businesses expand and to attract new businesses and industries to South Carolina. The board also has a role in supporting management's work with local and regional economic development alliances, as well as the South Carolina Power Team, Santee Cooper's economic development partnership with the electric cooperatives of South Carolina.

8. How important is board unity? How would you handle a board member who acts on his own without the knowledge and approval of the board?
ANSWER: Board unity in terms of shared respect for the governance protocols by which they are to exercise their common fiduciary obligation to the corporation is very important. It is not necessary that all board members have unity of opinion, but they must have unity of process by which those opinions will be communicated and considered. A board should always act collectively. If I were to become aware of a board member who has acted on his own without the knowledge and approval of the board, I would use extreme discretion in referring the matter to the Board Chairman for further inquiry directly with the affected board member.

9. What would be your first three immediate goals to achieve as a member of the board?
ANSWER: My first three immediate goals would be to familiarize myself with (1) the management team, (2) the company's strategic plan, and (3) the company's business operations.

10. What role should a director's political or ideological beliefs play in making a decision? Should a director base his decision solely on what is in the best interest of Santee Cooper?
ANSWER: A director's political or ideological beliefs should not play a role in making decisions. A director's decisions should be based on what is in the best interests of Santee Cooper and the customers, bondholders and citizens of South Carolina by virtue of Santee Cooper's quasi-public utility status.

D. Freedom of Information Act

1. What is the purpose of the Freedom of Information Act (FOIA)? How can you ensure that the Santee Cooper Board complies with the FOIA?
ANSWER: The purpose of FOIA is to ensure that public business is conducted in an open and transparent manner so that citizens are advised of the performance of public officials and of the decisions they make in the furtherance of public policy. For my part, I can help ensure that the Santee Cooper board complies with FOIA by being informed of FOIA's requirements and exemptions and strictly adhering to them. Further, if I see possible violations of FOIA occurring in the conduct of board business, I will promptly report my concerns to the General Counsel.

2. What types of interactions sufficiently constitute a "meeting" in order to fall within the terms of FOIA? Are e-mail communications and chance social meetings subject to FOIA?
ANSWER: Pursuant to S.C. Code § 30-4-20(d), a meeting is defined as the convening of a quorum of the public body's membership (a majority of the board or committee members, as the case may be), whether in person or by means of electronic media, to discuss or act upon a matter over which the

public body has supervision, control, jurisdiction or advisory power. Email communications and chance social meetings are subject to FOIA as set forth in S.C. Code § 30-4-70(c).

3. Are there any practices and/or safeguards that could be put in place in order to avoid violations of FOIA?
ANSWER: Yes, the following practices can help prevent FOIA violations: (1) conduct board business at duly noticed board meetings only and not through emails or social gatherings; (2) go into executive session for only those reasons permitted by law and clearly state the specific purpose behind going into executive session; and (3) conduct periodic refresher training for board members on FOIA requirements.