

## **Appendix A to the Final Sale Proposal Legislative Requirements Appendix<sup>1</sup>**

As requested for this process, NextEra Energy has submitted the “Santee Cooper Revenue Requirement Model” (the “Revenue Requirement Model”) as provided by Moelis and E3. We have incorporated our assumptions and inputs into this model, as feasible to do so, and have provided supplemental materials to note where we modified the assumptions or structure of the model to accommodate our proprietary views of key inputs. Throughout this document, we will refer to the Revenue Requirement Model as necessary to answer questions included in the Legislative Requirements.

### **Section 2(A)(1): Acquiring entity’s general capitalization, credit rating, liquidity and other financial qualifications**

Please refer to Section A for a discussion of NextEra Energy’s financial capability.

### **Section 2(A)(2): Bidder’s plan to address Santee Cooper’s bonds and other indebtedness**

#### **Section 2(A)(2)(a): Satisfaction of any or all of Santee Cooper’s existing debt**

Please refer to Section C in the Cover Letter. The draft of the opinion letter from Hogan Lovells supporting NextEra Energy’s plan to fully defease all outstanding Santee Cooper debt is included in Exhibit 4 to the Cover Letter.

#### **Qualifications**

The Hogan Lovells US LLP public finance practice is national in scope. The experience and techniques of the firm’s public finance group has been acquired during the course of a practice that has involved the issuance of a full range of municipal obligations, including general obligation bonds, revenue bonds, lease purchase certificates of participation and tax and revenue anticipation notes to finance public facilities such as airports, highways, electric utilities, educational facilities, water systems, affordable housing, solid waste disposal facilities and hospitals. Lawyers in the firm’s public finance group have participated in the issuance of billions of dollars of tax-exempt obligations, serving as bond counsel, special tax counsel, underwriters’ counsel, issuer’s counsel, disclosure counsel, borrower’s counsel and trustee’s counsel. Hogan Lovells US LLP is listed within the category “Municipal Bond Attorneys” of The Bond Buyer’s Municipal Marketplace (Red Book).

#### **Section 2(A)(2)(b): Issuance of new bonds and plans to finance other indebtedness**

Please refer to Section C in the Cover Letter for a discussion of NextEra Energy’s financing plan.

#### **Section 2(A)(2)(c): Projected financial impact for satisfaction of existing debt and issuance of new bonds and finance of other indebtedness**

The projected financial impact on all customer classes from NextEra Energy’s plan, including the allowed return on debt as a portion of revenue requirement, is included in the Revenue Requirement Model.

#### **Section 2(A)(2)(d): Projected capital-to-debt ratio**

At closing of the proposed transaction, SCP&L’s retail capital structure will reflect an equity capitalization at a predetermined level in-line with recent South Carolina Public Service Commission (“SCPSC”) precedent rate cases. NextEra Energy will implement SCP&L’s capital structure as outlined in the Draft Enabling Legislation. After the rate freeze, SCP&L’s allowed capital structure will be determined by the SCPSC in future rate case proceedings.

The assumed blended capital structure is included in the Revenue Requirement Model.

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<sup>1</sup> Notwithstanding anything in this letter or otherwise to the contrary, NextEra Energy’s Sale Proposal is embodied in its entirety by the form of APA (and its exhibits and schedules, including the form of enabling legislation and new long-term PPA with Central) attached to the Agreement to Transact as Exhibit A thereto.

**Section 2(A)(3): Amount paid to the State of South Carolina at closing**

Please refer to Section C in the Cover Letter for a discussion of NextEra Energy’s proposed total consideration.

**Section 2(A)(4): Projected Rates and Revenue Requirements**

Please refer to Section D in the Cover Letter for a discussion of our proposed customer refunds, four-year rate freeze and projected customer rates from 2021-2039. We assume a transaction close date of January 1, 2021; therefore, we expect customer rates in 2020 to be equal to the Santee Cooper Base Case forecast. For supporting detail for our customer rate projections, please refer to the Revenue Requirement Model.

As discussed in the Cover Letter, we have compared our proposed rate freeze rates to the adjusted forecast provided by the Department of Administration (“Department”) for the purpose of this process (the “Business Forecast Sensitivity Case” or “Sensitivity Case”).

**Key Assumptions of Our Proposal**

Assumption	During Rate Freeze	Post-Rate Freeze
<b>Retail Authorized ROE</b>	10.2%	To be determined by SCPSC
<b>Retail Equity Capitalization</b>	52.2%	To be determined by SCPSC
<b>Illustrative Wholesale ROE</b>		9.75%
<b>Illustrative Wholesale Equity Capitalization</b>		51.7%

With the exception of the rates established during the four-year rate freeze period, we confirm that our customer rate analysis is based upon the “Fixed Assumptions” provided, including 1) inflation, 2) fuel prices, 3) load, 4) gypsum prices, 5) FERC relicensing costs and 6) cost allocation between retail and wholesale customers.

Other key assumptions used to develop the rate forecast under this proposal are provided in the table below and included in the Revenue Requirement Model.

**Additional Assumptions in Rate Forecast**

TOPIC	ASSUMPTIONS
<b>Fixed Assumptions</b>	
<b>Inflation</b>	<ul style="list-style-type: none"> <li>2.1%</li> </ul>
<b>Fuel Prices - Gas</b>	<p>As discussed in the Cover Letter, NextEra Energy has formulated a gas procurement strategy that contemplates providing additional rate certainty for customers by entering into hedges for natural gas on behalf of Santee Cooper, which would extend through 2031.</p> <p>Therefore, we have provided projected customer rates using a hedged market Henry Hub gas curve from 2021-2031 and the Business Forecast Sensitivity Case Henry Hub gas curve (the “Sensitivity Case” as provided for the bid process) from 2032-2039.</p> <p>For the new natural gas combined cycle that will be built in Fairfield County, we have provided our assumptions for gas supply as additional inputs to the Revenue Requirement Model. The new CCGT will be connected by a lateral to the Transco pipeline.</p> <p>The Revenue Requirement Model includes additional functionality to allow the model dispatch to run the hedged gas curve through 2031 and the Sensitivity Case gas curve from 2032-2039.</p>

<b>Fuel Prices - Coal</b>	<ul style="list-style-type: none"> <li>Consistent with Santee Cooper Sensitivity Case, as provided in the Revenue Requirement Model</li> </ul>
<b>Load Forecast</b>	<ul style="list-style-type: none"> <li>Consistent with Santee Cooper Sensitivity Case, as provided in the Revenue Requirement Model</li> </ul>
<b>Gypsum Prices</b>	<ul style="list-style-type: none"> <li>To conform with the process letter, gypsum prices are assumed to be consistent with Santee Cooper Sensitivity Case as provided in the Revenue Requirement Model</li> <li>Per the Draft Enabling Legislation and Exhibit 3 , NextEra Energy's proposal includes a provision that allows for the deferral of incremental gypsum costs during the rate freeze period, which will then be recovered from customers beginning in the first year after the rate freeze ends</li> </ul>
<b>FERC Relicensing Costs</b>	<ul style="list-style-type: none"> <li>Consistent with Santee Cooper Sensitivity Case, as provided in the Revenue Requirement Model</li> </ul>
<b>Cost Allocation between Retail and Wholesale Customers</b>	<ul style="list-style-type: none"> <li>Consistent with Santee Cooper Sensitivity Case, as provided in the Revenue Requirement Model</li> </ul>
<b>Supported Assumptions</b>	
<b>Resource Costs</b>	<ul style="list-style-type: none"> <li>Provided in the Revenue Requirement Model</li> <li>Fixed and variable O&amp;M expenses for each generating unit were estimated based on a detailed analysis of the generating units based on diligence provided, including a benchmark to FPL's staffing needs and operating costs at similar plants. Please refer to Exhibit 2 of the Cover Letter for a discussion of FPL's operating philosophy and operational cost effectiveness.</li> </ul>
<b>Improvements or Efficiencies to the Santee Cooper System</b>	<ul style="list-style-type: none"> <li>Provided in the Revenue Requirement Model</li> <li>We completed a thorough analysis of the Santee Cooper organization, including all business units (generation, power delivery, administrative and generation, etc.), to create a detailed forecast of our projected labor and non-labor operating expenses. A discussion of our staffing plan is included in Sections 2(A)(9, 10 &amp; 12) of this document.</li> <li>Please refer to Exhibit 2 of the Cover Letter for a discussion of FPL's operating philosophy and operational cost effectiveness.</li> </ul>
<b>Operational Assumptions and Limits</b>	<ul style="list-style-type: none"> <li>Provided in the Revenue Requirement Model</li> <li>A discussion of the modifications to assumptions for Cross Units 1, 2, 3 &amp; 4 (Peaking Operations capacity) is included in Section 2(A)(5)</li> </ul>
<b>Variable Assumptions</b>	
<b>Purchase Price</b>	<ul style="list-style-type: none"> <li>Please refer to Section C in the Cover Letter</li> </ul>
<b>Regulatory Assumptions</b>	<ul style="list-style-type: none"> <li>Provided in the Revenue Requirement Model and Draft Enabling Legislation</li> </ul>
<b>Resource Plan</b>	<ul style="list-style-type: none"> <li>Provided in the Revenue Requirement Model</li> <li>Discussed in Section J in the Cover Letter and Section 2(A)(5)</li> </ul>
<b>Financing Assumptions</b>	<ul style="list-style-type: none"> <li>Please refer to Section C of the Cover Letter for the description of financing sources</li> <li>Utility cost of debt assumption is provided in the Revenue Requirement Model</li> </ul>
<b>Other Assumptions</b>	
<b>Taxes</b>	<ul style="list-style-type: none"> <li>Federal income tax: 21.0%</li> <li>State income tax: 5.0%</li> <li>Tax assumptions as per the Enabling Legislation and discussed in Exhibit 3</li> </ul>

**Securitization**

- Please refer to Section C of the Cover Letter

Based on these assumptions, we have projected customer rates from 2021-2039. We assume a closing date of January 1, 2021, and as such have assumed that 2020 rates will be consistent with Santee Cooper's forecast. Our customer rate projections and customer savings are included in the Revenue Requirement Model and Section D of the Cover Letter.

**Section 2(A)(5): NextEra Energy's plans for generation, power purchases and other resources (20 years)**

**Generation Portfolio Plan – Supporting Assumptions**

Our generation portfolio modernization plan, as described in the Cover Letter Section J, will result in lower operating costs and drive a reduction in emissions. Our plan will transform Santee Cooper's generation fleet from predominantly older, expensive, coal-fired generation to a more modern, reliable, diverse and clean mix of natural gas and renewables.

*Projected Financial Impact*

Under our long-term plan, customers will have better reliability, better customer service and lower rates. The projected customer rates included in Section D show that even with significant investments in new, clean generation and other critical infrastructure, SCP&L customer rates will remain lower over the long-term versus Santee Cooper's current plan. Rate projections are included in the Revenue Requirement Model.

*Forecast*

Our generation modernization plan was formulated through thorough evaluation of the Santee Cooper system to determine the resource mix that will provide clean, efficient generation to meet forecasted demand while balancing cost, reliability and fuel diversity. Our resource capacity plan ensures that SCP&L will meet its target summer and winter reserve margins based on the projected demand and energy sales in the "Electric – Sensitivities" forecast provided for this process.

*Planned Coal Operations and Retirements*

The timeline for implementing our generation plan is based on ensuring the system has sufficient capacity to meet the required reserve margin in all seasons. We plan to phase-out coal units beginning in 2021 with the retirement of Winyah Units 1 and 2 (570 MW). We expect that Winyah Unit 3 will be retired in early 2023 (290 MW), and Winyah Unit 4 (290 MW) will be retired by the end of 2023.

Coal Unit	Winter Capacity (MW)	Planned Retirement
Winyah Unit 1	280	2021
Winyah Unit 2	290	2021
Winyah Unit 3	290	2023
Winyah Unit 4	290	2023
<b>Total Planned Retirements (2021- 2024)</b>	<b>1,150</b>	

The remaining approximately 2,400 MW of coal capacity at Cross will be used primarily for capacity, and we will evaluate opportunities to further reduce O&M costs by keeping units in inactive reserve during off-peak seasons. Based on initial evaluation, we also believe that the coal units could provide additional capacity during winter months. We estimate that the remaining Cross units could operate at a Peaking Operation capacity of approximately 130 MW higher (approximately 5 percent above normal operating capacity) than the maximum continuous rating ("MCR"). Pending further study, this additional capacity could offset the need for more expensive purchased power on peak demand days.

Coal Unit	Winter Capacity (MW)		Delta
	Maximum Continuous Rating ("MCR")	Estimated Peaking Operation (Peak) <sup>2</sup>	
<b>Cross Unit 1</b>	585	617	32
<b>Cross Unit 2</b>	570	601	31
<b>Cross Unit 3</b>	610	644	34
<b>Cross Unit 4</b>	615	649	34
<b>Total Capacity</b>	<b>2,380</b>	<b>2,511</b>	<b>131</b>

#### *Operations and Maintenance Costs*

NextEra Energy has one of the nation's lowest operating costs in the energy utility industry, and we pride ourselves in driving out costs through innovation, increased efficiency and continuous improvements. FPL has consistently been a best-in-class performer, and we continue to effectively manage non-fuel O&M. Exhibit 2 of the Cover Letter illustrates that our non-fuel O&M costs per retail MWh at FPL are significantly lower than the industry average, and we have achieved significant fuel savings at FPL, resulting in lower bills for our customers. Our projected O&M expenses for SCP&L are based on a thorough bottoms up analysis by function based on FPL's operating costs. We created a staffing plan for each generating plant and corporate function and created non-fuel fixed and variable O&M budgets for each plant. Projected employment impacts described in further detail in Sections 2(A)(9,10 & 12).

#### *Base Capital Plan for Generation*

One of the core principles of our strategy to deliver strong customer value is making smart investments that contribute to lower O&M, lower fuel costs, lower emissions, enhanced reliability and, ultimately, improve customer value. Our base capital plan for power generation is based on the current Santee Cooper capital plan, adjusted for our generation plan to incorporate planned coal retirements and exclude Santee Cooper's planned investments in new generation. Further, we developed our capital budget forecast based on benchmarks to FPL capital budgeting and information gathered through site visits to several Santee Cooper plants. Our plan is designed to provide customers with cost savings while continuing to make smart investments in the existing assets to maintain high reliability and performance metrics. Our generation plan includes approximately \$260 million of generation investment in existing assets during the four-year rate freeze, excluding all new generation investment and Rainey upgrades. After the rate freeze, annual investment in existing assets is estimated to be between \$60 to \$70 million. A schedule of our capital plan is included in the Revenue Requirement Model.

#### *SCP&L System Dispatch*

To project annual generation, power purchases, fuel costs and variable O&M, we updated the Revenue Requirement Model with our generation plan and operating assumptions and dispatched the system, as required by the process letter. We also ran a dispatch using our own software (GenTrader). Based on the results of our analysis, we believe our generation plan will provide significant savings to Santee Cooper's baseline plan.

#### *Tax Abatements, Credits and Payments in Lieu of Taxes*

Our plan includes key tax treatment assumptions that will enable us to modernize Santee Cooper's generation portfolio while providing significant new tax revenues to the State of South Carolina and keeping customer rates lower than Santee Cooper's standalone plan.

<sup>2</sup> These are estimated values assuming overpressure condition is ~5.5 percent above normal operating pressure based on initial discussions with Cross plant personnel.

The key tax-related state legislative elements necessary to implement the proposed purchase of Santee Cooper are detailed in the Cover Letter.

As discussed in the Cover Letter, NextEra Energy has already made significant progress in securing commitments from counties in which we plan to build new generating assets, including the solar plants and the new natural gas combined cycle. These fee-in-lieu-of-tax (“FILOT”) agreements will provide certainty to both Santee Cooper’s customers and to the counties in regards to the tax payments made to each county for the life of the asset.

Additional inputs underlying our plan are detailed in the Legislative Requirements Appendix Section 2(A)(4).

**Section 2(A)(6): NextEra Energy’s plans for transmission investment (20 years)**

We believe SCP&L’s ability to maintain reliable power to its customers is the foundation of a successful long-term strategy and is key to maintaining high customer satisfaction. Therefore, continued investment in and maintenance of SCP&L’s facilities and transmission and distribution lines are a priority for NextEra Energy. We expect to continue projected transmission and distribution capital maintenance projects that are currently included in Santee Cooper’s standalone forecast and to invest in storm-hardening and reliability projects for a total power delivery investment of approximately \$350 million during the rate freeze and more than \$100 million annually thereafter.

In the near term, initial investments will focus on installing smart-grid and system monitoring equipment which will have a greater impact on reducing costs related to testing, maintenance and field operations work while lowering outage impacts and improving overall system reliability. Over the longer term of the 20-year planning period, improvements will increasingly target the replacement of aging infrastructure which will also have a cost impact by reducing maintenance and inspection costs and providing a more secure, storm-resilient system. Along with these system improvements, projects related to growth and system expansion will continue to be evaluated and planned as community needs demand.

Key capital projects on the transmission system may include:

- Storm Secure: NextEra Energy will focus on the replacement and upgrading of transmission poles from wood to steel to improve storm resiliency, lower customer outage impacts and lower the cost of inspection and preventative maintenance programs
- Continued investment in system expansion driven by customer growth
- Proactive replacement of aging, end-of-life substation equipment to avoid customer outage impacts from equipment failures and reduce costly inspection and maintenance programs:
  - Oil-filled breakers that are prone to high-impact failures
  - Substation transformers that fail performance testing and meet known design type and common industry failure criteria
  - Voltage regulators risk-ranked based on age, condition and number of operations
- Installation of dissolved gas analysis (“DGA”) monitoring sensors on power transformers to continually track and measure the health of these assets and replace the manual inspection processes that are currently used
- Expand the use of digital microprocessor-based relays to decrease periodic testing and maintenance programs and lower the probability of damaging fault events

Key capital projects on the distribution system will include Smart Grid Technology and auto-restoration programs:

- Distribution Substation Auto-Restoration scheme to automatically isolate and restore service to all customers during substation fault events
- Automated feeder switches, fault current indicators and the installation of network communication devices to create a “self-healing” distribution system that will automatically isolate faults and restore service to customers
- Automated Lateral switches to immediately restore service to customers after momentary fault events and avoid costs related to truck rolls during prolonged outage events

Additionally, we intend to leverage our experience as a top-decile, award-winning power delivery team to explore the latest developments within the industry and continue to find innovative solutions to the challenges of providing more reliable, lower-cost and more storm-resilient power.

A schedule of planned transmission investments is included in the Revenue Requirement Model.

*Projected Financial Impact*

Under our long-term plan, customers will have better reliability, better customer service and lower rates. The projected customer rates detailed in the Cover Letter show that even with significant investments in new, clean generation and other critical infrastructure, SCP&L customer rates will remain lower over the long-term versus Santee Cooper's current plan. Projected financial statements of the rate projections are included in the Revenue Requirement Model.

**Section 2(A)(7): FERC Market Power Mitigation**

- (a) NextEra Energy's largest generation-owning affiliate, FPL, is not first-tier to the Santee Cooper market. As a result, FERC's FPA Section 205 review of NextEra Energy's market power in the Santee Cooper balancing authority area would look primarily at the Santee Cooper assets acquired in this transaction. Based on preliminary analysis, NextEra Energy is not certain that it would be able to obtain market-based rate authority in the Santee Cooper balancing authority area upon consummation of the transaction. However, NextEra Energy's proposal is not contingent on obtaining market-based rate authority to make wholesale sales in the Santee Cooper balancing authority. Instead, NextEra Energy intends to make sales to Central and other wholesale customers pursuant to cost-based rates that will be filed at FERC, consistent with Part 35 of FERC's regulations.
- (b) Under the first prong of FERC's Section 203 analysis, FERC considers a transaction's impact on competition in relevant wholesale markets for energy and capacity. In the course of evaluating this transaction, counsel for NextEra Energy has retained experienced economic consultants to analyze, in anticipation of a Section 203 proceeding, the impact of the transaction on competition in the Santee Cooper balancing authority area, all markets first tier to Santee Cooper and all markets in the Florida Reliability Coordinating Council region. Based on this analysis, NextEra Energy is confident that NextEra Energy's acquisition of the Santee Cooper assets would not result in screen failures that would require mitigation. Nevertheless, NextEra Energy is willing to accept market power mitigation imposed on or deemed necessary by FERC, subject to the limitations set forth in section 7.5(d) of the APA. NextEra Energy likewise does not foresee any problems meeting the other three prongs of FERC's Section 203 Analysis. The retail and wholesale rate freezes being proposed by NextEra Energy will be a significant positive factor in FERC's review of the rate impact public interest criterion. Under the effect on regulation prong of FERC's analysis, there is not negative effect on regulation, to the contrary, the ownership of Santee Cooper's assets by an investor-owned utility will allow FERC and the SCPSC to exercise jurisdiction over Santee Cooper's wholesale and retail rates, respectively, for the first time. And the transaction will result in no improper cross-subsidization. NextEra Energy would expect FERC to issue a favorable order approving the transaction under Section 203 of the FPA within 180 days.
- (c) NextEra Energy does not believe there will be a negative impact on Santee Cooper's other customers as a result of the unbundling required for FERC approvals because its wholesale and retail electric rates and wholesale transmission rates will continue to be cost-based, subject to regulatory review by the SCPSC and FERC and, ultimately, judicial review. NextEra Energy's proposal will provide greater certainty to Santee Cooper's newly unbundled wholesale requirements customers by providing a rate freeze with respect to such customers' purchases of energy and capacity for a period of 48 months from the closing.
- (d) NextEra Energy is currently exempt from FERC's affiliate pricing regulations under the Public Utility Holding Company Act of 2005 as a "single-state holding company system" that derives no more than 13 percent of its public-utility company revenues from outside a single state. NextEra Energy anticipates

it would file for a waiver from FERC if revenues from SCP&L would result in more than 13 percent of public-utility company revenues coming from outside Florida. Since NextEra Energy anticipates most nonpower goods and services shared with SCP&L will come from FPL employees and the affiliate pricing rules do not apply to the provision of non-power goods and services between utility affiliates, we believe FERC will grant a waiver.

### **Section 2(A)(8): Employee Retirement and Healthcare Benefits**

NextEra Energy is one of America's largest investors in infrastructure, and its employees have opportunities daily to continue to execute a customer value proposition that is among the very best of any electric utility in the U.S. and to grow the company's position as the world leader in generating renewable energy from the wind and the sun. For the past four consecutive years, NextEra Energy was named to Forbes' list of "America's Best Employers". In addition, NextEra Energy was named No. 1 in its sector to Fortune's list of "Most Admired Companies" for the 13th time in 14 years and ranked among the top 20 companies worldwide across all industries for innovation, people management, use of corporate assets, social responsibility and long-term investment value. In 2018, NextEra Energy was also named to Fortune's inaugural list of companies that "Change the World," ranking in the top 25 companies. In addition, NextEra Energy was recognized by Ethisphere Institute as one of the "World's Most Ethical Companies", becoming one of only 14 companies in the world to have achieved this honor 12 or more times.

NextEra Energy is a great place to work and we believe the vast majority of Santee Cooper's existing employees will want to continue their careers with us. We think they will find working at NextEra Energy attractive and rewarding for a number of reasons:

- **Safety First** – By living the company's comprehensive safety program that encourages employees to make safety a top priority at work and at home, the NextEra Energy team achieved a 2017 year-end and 2018 year-end OSHA rate of 0.53 and 0.56, respectively, our two best ever. This is considered top- quartile performance in the industry.
- **Diversity & Inclusion** – NextEra Energy has been recognized as being a leader in diversity and inclusion. NextEra Energy was named to Forbes' list of "America's Best Employers for Diversity" for the third consecutive year since its inaugural year and was awarded the 2019 Hire Vets Platinum Medallion Award from the Department of Labor for our commitment to hiring and retaining veterans.
- **Continuous Learning** – Through NextEra Energy University and other venues, employees devoted more than one million hours in 2018 to growing their skills.
- **Being Well** – Using information, motivation and facilities provided by the award-winning NextEra Energy Health & Well Being program, employees logged more than 10,850 on-site health care visits, more than 7,000 on-site wellness screenings and 5,700 employees attended nearly 170 health and wellness presentations in 2018.
- **Strong Community Involvement** – As part of our signature Power to Care volunteer program, NextEra Energy employee volunteers contributed more than 85,000 hours in 2018 to their local communities through company-sponsored projects and personal volunteer time. Thanks to employees logging their volunteer hours, the NextEra Energy Foundation distributed monetary grants to 400 nonprofit organizations. The Dollars for Doers program rewards employees for their volunteer time by issuing monetary grants to the nonprofits they serve when they reach certain logged hour thresholds.

We are prepared to welcome Santee Cooper employees into our family with highly competitive compensation and benefit packages that include:

- **Retirement & Insurance Benefits** – It pays to work at NextEra Energy. We care about our employees and their families and we offer benefit programs that are focused on helping them be well – physically, financially and emotionally. We reward time, talent and commitment with pay, benefits, career development, a supportive work environment and many more advantages. Employees will be offered the same competitive benefit package as NextEra Energy non-bargaining employees, including but not limited to, medical, dental, vision, life insurance, prescription drug, paid time-off, short-term disability ("STD"), long-term disability ("LTD"), defined



contribution plan (“401(k)”) and pension, adoption assistance, tuition assistance, NextEra University and employee assistance programs.

- **Comparison between Participants’ Proposed Salary versus Current Santee Cooper Salary** – We perform an annual comprehensive benchmarking analysis to determine job value and position to market using surveys published by recognized compensation consulting firms, which have strong participation of industry peers and/or competitors. With this information, we will compare current Santee Cooper salary to the market and, where appropriate to ensure competitiveness, will adjust the compensation.
- **Leaves (Vacation, Sick, Holiday)** – NextEra Energy offers various forms of paid time-off to ensure employees can have work-life integration. Paid leave is offered for holidays, vacation, sick, bereavement, STD and LTD.
- **Process and Terms for Employee Compensation Review (Merit)** – NextEra Energy conducts annual merit cycles where compensation is reviewed. Employees have interim performance check-ins with their management as well as year-end reviews.
- **Transfer Credit for Accrued Benefits / Seniority** – Similar to other acquisitions by NextEra Energy, the employees’ years-of-service with Santee Cooper would be honored at NextEra Energy for purposes of vesting and benefits.
- **Planned Consolidation / Reduction of Positions and Structure Expected within First Four Years** – NextEra Energy expects the SCP&L workforce will be approximately 1,015 employees by the end of 2023. This will be achieved strategically and methodically over the time period from close date through the end of 2024.
- **Severance Benefits** – NextEra Energy offers competitive severance packages with financial and health support. Job placement, resume tips and other assistance is also available for affected employees.
- **Enhanced Retirement Program (“ERP”)** – Employees that are fifty or older with ten or more years of service and employees that are fifty-five or older with seven or more years of service may qualify for ERP. ERP benefit is a pension payment of one-year base pay.

#### **Comparison of Benefit Programs between Santee Cooper and NextEra Energy**

Employees will be offered the same competitive benefit package as NextEra Energy non-bargaining employees. Both NextEra Energy and Santee Cooper have two medical plans: one lower deductible and one higher deductible, offering choice for employees. For an employee not covering dependents and receiving NextEra Energy’s incentives, the medical premiums and deductibles are relatively comparable for either plan. Dental, vision and life insurance are expected to be similar between NextEra Energy and Santee Cooper.

From a retirement perspective, employees will be eligible for NextEra Energy’s 401(k) plan, cash balance pension plan and access to retiree medical coverage. The NextEra Energy pension plan is not comparable to Santee Cooper’s pension plan; however, NextEra Energy incrementally offers a 401(k) plan with a generous company match. Modeling suggests that an employee who has a full career at NextEra Energy versus Santee Cooper will be better off, from a retirement funding perspective.

NextEra Energy will not assume Santee Cooper’s existing pension and other post-employment benefits (“OPEB”) liabilities for active or inactive employees. These liabilities will remain with the state and the employee’s accrued benefit will be frozen. Upon joining NextEra Energy, Santee Cooper employees will be eligible for NextEra Energy’s defined benefit pension plan on Day 1 and will be given vesting credit for prior service with Santee Cooper, saving the state future pension expenses related to service cost growth and compensation increases. No contributions will be required from Santee Cooper employees to the NextEra Energy pension. In addition to participating in NextEra Energy’s pension, Santee Cooper employees will also be eligible to participate in NextEra Energy’s 401(k) and receive employer matching contributions to further enhance their retirement fund growth potential.

NextEra Energy’s proposal includes a payment to Santee Cooper totaling of at least \$500 million, which could be used at the State’s discretion to satisfy its obligations, including pension and retiree obligations.

NextEra Energy offers competitive and inclusive retirement benefits. For all programs, employees will be given vesting credit for prior service with Santee Cooper. NextEra Energy offers a defined benefit pension plan where no contributions are required from employees. Employees will earn basic pay credits (4.5 percent per year for the first five years of service, then 6 percent per year after five years of service) along with interest credits annually. In addition to participating in NextEra Energy's pension plan, employees will also be eligible to participate in NextEra Energy's 401(k) plan and receive employer matching contributions up to 4.75 percent of pay to further enhance their retirement fund growth potential. Employer match contributions are made in NextEra Energy stock and can be diversified immediately. The 401(k) plan offers >30 different investment options such as target date funds, index funds and actively managed funds. Employees are able to take loans against their 401(k) balance, if desired, while actively employed. Employees will be eligible for retiree health access coverage. This provides access only to group retiree medical coverage with premiums paid by the retiree and provides guarantee issue coverage with group rates that are typically more competitive than the open market. Health savings accounts ("HSA") are available to active employees to save for current and/or future medical expenses on a pre-tax basis. NextEra Energy contributes to the HSA accounts on behalf of the employee for various health incentives. These funds can carry over and be used in retirement. Finally, NextEra Energy sponsors 10 retiree chapters, which are managed by a group of dedicated retirees who serve as volunteer chapter coordinators and plan the local events and meetings so retirees can stay connected. Also, retirees are eligible to participate in NextEra Health & Well-Being programs, including access to NextEra Energy fitness centers, on-site flu shot clinics and various rebate programs.

### **Sections 2(A)(9, 10 & 12): Projected Impact on Jobs, Plans for Headquarters and Economic Development**

With its more than 75-year history in Moncks Corner, located in Berkeley County, we understand how tightly Santee Cooper is woven into the fabric of the community. It would be safe to say that most long-term residents have a family member who works for Santee Cooper. We also fully understand the concerns area residents have about the sale of Santee Cooper. These sentiments were captured in an article in the Charleston Post and Courier, where area residents wondered if Moncks Corner would become a ghost town and equated the sale of Santee Cooper to a base closure.

Rest assured, NextEra Energy understands these concerns and the importance of continuity for the community.

To this end, NextEra Energy will maintain the corporate headquarters in Moncks Corner in the existing headquarters building. In an additional effort to ensure continuity in the community, NextEra Energy intends to use the Santee Cooper name.<sup>3</sup> While a number of functional areas will be incorporated into shared services groups located in Juno Beach, there will be employees of the shared services groups in Moncks Corner in addition to a full management team and many operational groups.

We recognize the importance of Santee Cooper to employment in Moncks Corner and South Carolina and its contribution to the economy of Moncks Corner and the entire state. NextEra Energy is committed to continuing to support local employment presence and activities throughout the state. At the same time, NextEra Energy's strategy for SCP&L centers on transforming SCP&L into a more modern, efficient utility that can provide customers with reliable, clean energy at lower costs.

Our three corporate values underpin everything we do – we are committed to excellence; we do the right thing; and we treat people with respect. NextEra Energy has one of the nation's lowest operating costs in the energy utility industry, and we pride ourselves in driving out costs through innovation, increased efficiency and continuous improvements. Our employees continually look for new, creative, innovative ways to perform our work. Every day we focus on "how can we do this better, more effectively and more efficiently?" As a result of our ever-changing work processes, we will have changes from time to time in our workforce composition. During times when we may experience workforce changes, we take our values to heart - we treat people with respect and do the right thing.

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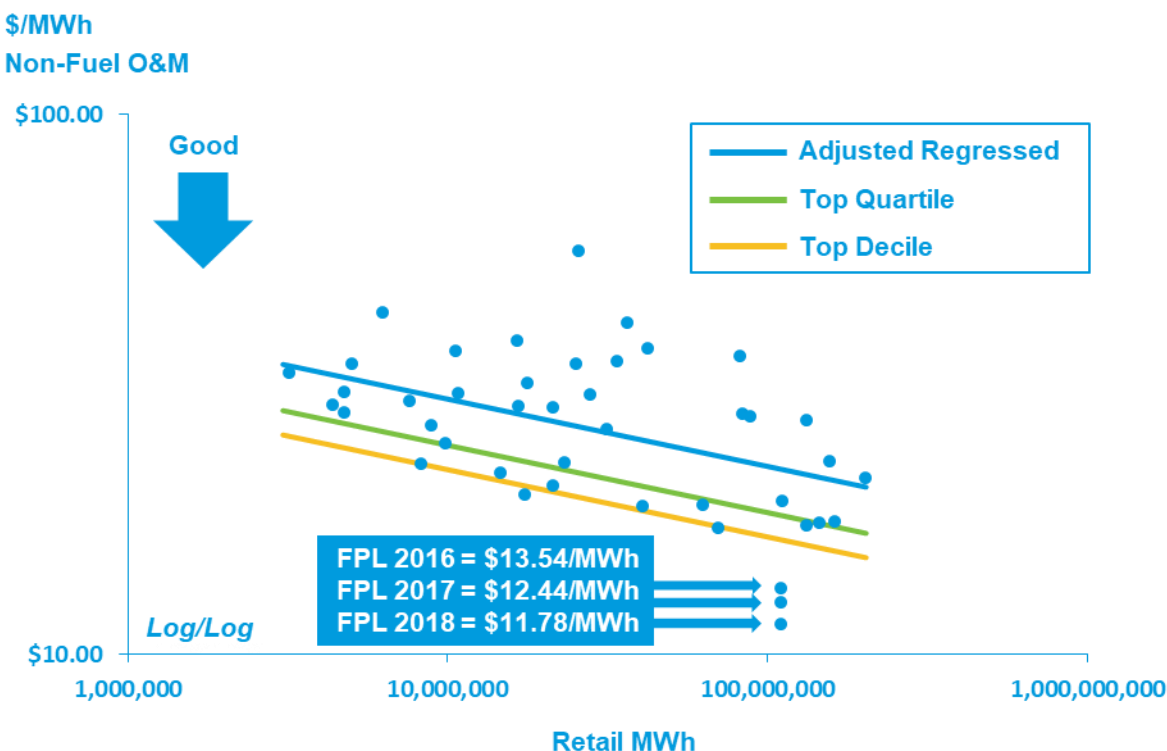
<sup>3</sup> Should South Carolina prefer our use of another name not using "Santee Cooper", NextEra would be open to accommodate

As we implement changes at Santee Cooper, there will be an employment impact. Our plan for Santee Cooper seeks to be thoughtful and balanced in its approach. At all times, our plan seeks to do the right thing for employees and the community, while achieving our broader objective of keeping energy prices low and competitive to attract new business and industry to the state. We will work with affected employees, state and local government agencies and other local partners to minimize the impact and find innovative solutions to continue to grow the regional economy.

SCP&L could maintain the status quo employment levels, but there would be many trade-offs, including the inability to defease all of the existing debt, the inability to invest in cleaner generation, the inability to invest in storm resilience and power delivery storm reliability and the inability to invest in improved customer services, all of which lead to higher costs to customers and less reliable service.

Our approach will have an employment impact, but will result in a superior customer value proposition and a stronger utility. If FPL's employment were consistent with the average utility in the industry, we would charge customers twice as much in terms of O&M costs compared to FPL's current costs and would not have been able to invest in cleaner, more reliable energy generation and delivery, which has resulted in billions of dollars of savings to customers and our being rated an award-winning utility.

### Operational Cost Effectiveness<sup>4</sup>



We will work with all impacted employees in a variety of strategic ways, including the use of an ERP to allow those that might be considering retirement to do so. Next, we will eliminate any open jobs, then allow normal attrition to occur. If we still need further reductions, as a last option, we will offer severance to affected employees. Any time we offer a severance, we support our employees with identifying other potential job openings within the company and we provide outplacement resources to assist them with external job searches and resources such as resume writing tips, preparing for interviews and using social media for job searches. We will work with partnerships through the South Carolina Department of Employment & Workforce (“SCDEW”) and the South Carolina Technical College System and other local partnerships to assist in job placements.

<sup>4</sup> FERC Form 1, 2017; excludes pensions and other employee benefits; FPL costs exclude expenses related to Hurricane Irma write-off Note: Holding companies with >100,000 customers; excludes companies with no utility owned generation

Our projection of SCP&L headcount by year is included in the following table:

	2021	2022	2023	2024	2025
<b>Total Projected Headcount</b>	1,330	1,115	1,015	970	970

We expect that the majority of SCP&L employees will be located in South Carolina, with the exception of a small number of staff support positions that may be located in Florida.

Currently, South Carolina has more than 76,000 available jobs. NextEra Energy partnered with the SCDEW to gain a better insight into the available jobs in the Santee Cooper direct served territory, the counties that surround the Santee lakes and the counties that surround Moncks Corner. Specifically, NextEra Energy focused on Berkeley, Charleston, Clarendon, Dorchester, Georgetown, Horry, Orangeburg and Williamsburg counties. According to the SCDEW and the U.S. Bureau of Labor Statistics, there are more than 6,700 available jobs in the manufacturing, logistics, management and public administration industries. If we require further reductions and offer severance, we will put a program in place to allow impacted employees to be well-positioned for these opportunities.

South Carolina currently has one of the lowest unemployment rates in the nation at 2.6 percent. Many industrial leaders are finding it more and more challenging to find and retain qualified workers. The Trident area of Berkeley, Charleston and Dorchester counties continue to lead the state in economic expansion.

South Carolina is known as being an economic development state, and the South Carolina Department of Commerce (“Commerce”) is one of the most respected in the nation. The South Carolina General Assembly over the years has been aggressive in making sure Commerce has every tool in the tool box to be competitive for industry recruitment. NextEra Energy wants to partner with South Carolina to continue to drive prosperity through clean, affordable energy. We believe this should be a catalyst for job creation.

### **Economic Development**

FPL has positioned itself as a leader among electric utilities that have a comprehensive economic development program. The company made a strong commitment to support economic development in Florida when it established its Office of Economic Development (“OED”) in 2012. Since that time, the utility has taken a leadership role in Florida’s economic development efforts by supporting local, regional and state economic development organizations and initiatives across the state.

We believe that a strong economy is good for everyone, so we focus statewide on economic development, not just within the FPL footprint. This strong partnership with communities has had a significant impact on Florida’s economic development competitiveness and success over the last six years.

In Florida, we have partnered with the Governor and the Legislature to grow Florida’s economy. Florida’s Public Service Commission authorizes all IOUs in the state to recover the greater of \$5 million or 0.15 percent of our gross annual revenues in economic development investments. NextEra Energy was a founding member of Enterprise Florida, a statewide economic development alliance. FPL has directly supported more than 200 companies pledging around 30,000 jobs. In addition to a strong fiscal impact, more than 65,000 new jobs and almost 13,000 retained jobs were supported by FPL’s OED since 2012. In addition to the 78,000 new and retained jobs announced during that period, more than 214,000 additional direct, indirect and induced jobs were created. FPL’s efforts have led to more than \$90 billion in positive economic activity. We recruit business and industry to all 67 counties of the state.

Since 2012, job creation and capital investment in the 35 Florida counties served by FPL has resulted in a total impact of more than \$90 billion in the state and has resulted in a \$44 billion impact on Florida’s GRP. These results include a tax impact in excess of \$2.8 billion and labor income of more than \$25 billion.

These results are not by accident. Our investments are focused on enhancing the success of our state, regional and local economic development organizations. We have worked successfully to attract a number of high-profile companies to Florida, including the Hertz corporate headquarters, Boeing, KPMG, Trader Joes and more.

Recently, we worked with JinkoSolar, an international solar panel manufacturer, to attract them to Florida. The company is in the process of making a \$50 million investment with 200 jobs in Jacksonville, outside of FPL's service territory. During a recent meeting of Jacksonville business leaders, Nigel Cockcroft, GM of JinkoSolar, thanked FPL for supporting the company's site selection effort even when it became apparent the company would not become an FPL customer. "Florida was not even on the list for this facility until we met FPL's economic development team," said Cockcroft. They made the process simple for us and made sure the right people were at the table to ensure our success."

FPL worked closely with state economic leaders to bring three Amazon distribution centers to Florida with approximately 4,500 jobs created. FPL leadership was instrumental in providing support to all three projects even though two were located outside our service territory. FPL regularly provides support for projects outside our territory that includes data and coordination efforts between the company and state leaders.

To continue supporting our supply chain and Florida's economy, we recently purchased the Crawford Diamond Industrial Park in rural Nassau County. We are in the process of building a 74.5-MW solar facility there that will serve as the focal point of a new sustainable industrial park currently being master planned, a prime location for companies interested in sustainability and renewable energy. We are very close to securing an anchor tenant to unlock the park and recently assisted a local municipality in securing a grant from former Governor Rick Scott to build water, sewer, natural gas and rail infrastructure to the park.

### **Economic Development in South Carolina**

NextEra Energy plans to be an active teammate with state leaders and economic development alliances in South Carolina. Economic development is local. Our commitment to Florida and success in the state should be considered evidence of our commitment to supporting economic development, but should not be construed as a "one-size-fits-all" solution to economic prosperity. Every state has its own set of competitive advantages and development interests. South Carolina's economy and economic development infrastructure are different than Florida's, and we recognize that South Carolina's own strengths and interests must be considered in developing a strategy.

Whatever economic development solutions are deployed, they will be customized for South Carolina's needs. Our success in Florida comes from strong partnerships at all levels and our ability to tailor solutions based on the needs of the Governor, state leadership, local and regional economic development organizations. Though our efforts will focus on what works in South Carolina, we will not hesitate to adopt programs that have been successful in Florida, if applicable. For example, we will offer incentive rate riders similar to FPL's in Florida and Santee Cooper's in South Carolina.

Our plan for having a significant, positive impact on economic development in South Carolina starts with having a full-time staff dedicated to recruiting new industries, serving existing industries and promoting job creation. We anticipate having a full-time staff of no less than three individuals, with an economic development director who would report to our vice president of external affairs and economic development. We anticipate that our economic development staff would begin work immediately by engaging in the communities we serve, and the staff would be backed up with financial commitments to allow them to carry out this important work. For example, we would expect our staff to be actively engaged in county economic development organizations, regional alliances, South Carolina Economic Developers Association ("SCEDA"), Palmetto Partners and other economic development organizations across South Carolina and even at regional, national and international levels. We would back up the active engagement of our staff with financial resources representing significant monetary support of those organizations at the same or greater levels than they have historically received from Santee Cooper. We would further expect our staff to liaise regularly with elected officials, including appearances at city and county council meetings to provide important updates on SCP&L's transition into South Carolina and our economic development efforts, but also to be attuned to the priorities of the communities we serve.

One of the first tasks that would be assigned to our economic development staff would be working with local communities to evaluate, and more importantly, act on critical infrastructure needs. First and foremost, SCP&L would work to rejoin the S.C. Power Team. We recognize economic development is built on trust and we will become reliable partners with the S.C. Power Team, Central and the electric co-ops. We

anticipate that part of that work would include robust site development efforts so that South Carolina's economic development community has a broader array of buildings and sites that are ready for investment in a short time frame. We will explore whether local communities' needs are being satisfied with existing site certification programs and, if not, we will consider implementation of a new program that will further build on the important concept of having an inventory of quality buildings and sites that can be marketed to industries, site consultants and real estate brokers both in the state and beyond.

We will fully implement the state's utility tax credit ("UTC") program to provide public infrastructure needs and would intend to supplement UTC grants with SCP&L funds to build upon critical infrastructure needs, and we would be prepared to offer grants both to support private industry and to assist local communities in developing industrial parks or preparing sites and buildings to be ready for investment. We would further be prepared to deploy our large land holdings toward the goal of triggering significant new investment and job creation in South Carolina and, for the rights projects, would consider land grants or sales at reduced costs.

Our staff would be expected not only to engage with economic development organizations but also to participate in trade missions around the world with the critical aim of attracting jobs and investment in South Carolina. We would be eager to collaborate with local leaders who are supportive of that mission, supporting regional alliances, Commerce and creating our own missions to achieve that goal. In short, we expect not only to continue the important efforts that Santee Cooper has made in the economic development arena but to dedicate significant new resources to make economic development an even more urgent goal in 2020 and thereafter.

SCP&L, through the support of NextEra Energy's integrated supply chain team ("ISC"), will have a policy to seek out and identify small business concerns, owned and controlled by socially and economically disadvantaged individuals. These business concerns will have the maximum practicable opportunity to participate in a competitive bid process for the purchases of goods and services. These business concerns may be located in the state or outside the state. For applicable scopes, ISC, working with SCP&L, will seek to include local suppliers, including small business concerns, in the competitive bid processes for purchases of products and services.

### **Economic Impact to South Carolina**

NextEra Energy recently engaged Boyette Strategic Advisors ("Boyette") to assess the impact of employment, power generation and tax changes resulting from a possible acquisition of Santee Cooper. This analysis is both a qualitative and a quantitative measure of impact, which considers the effects and impact this acquisition and its associated jobs and capital investment have on the state of South Carolina and Berkeley County.

We plan to construct more than 800 MW of utility-scale solar, with associated storage, in multiple counties in South Carolina and a state-of-the-art natural gas combined-cycle plant. This investment will lead to as many as 650 construction jobs during peak periods, at least 30 full-time permanent jobs and millions in new local property taxes. Based on this investment, Boyette found that there would be a net positive impact of approximately \$74 billion to the state of South Carolina with an acquisition of Santee Cooper. This number includes job retention, job creation, job loss, capital investment and tax payments for a 30-year time period.

With the transition from a state-owned utility to an IOU, NextEra Energy will be a significant tax contributor in South Carolina. NextEra Energy's planned billions investment in new, clean energy will result in lower cost for electricity generation, and, over 30 years an estimated \$3.3 billion will be paid in state and local taxes.

<b>Santee Cooper Impact Overview</b>	
<b>State of South Carolina</b>	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Long-term Taxes Associated with Capital Investment, Economic Development Projects Capital Investment and Job Creation)	<b>\$73,608,237,986</b>
Contribution to Regional Economy	\$30,732,446,818
Total Labor Income	\$13,387,651,079
Total State & Local Taxes	\$5,683,048,011

State and local taxes generated from NextEra Energy employment over the 30-year period would be approximately \$6.0 billion.

In its Sale Proposal, NextEra Energy has committed to provide Santee Cooper customers with low-cost and reliable power immediately following the transaction close and for the long-term future. The proposed rate structure is expected to include a rate freeze for four years for all customers, including commercial and industrial users. Following that period, competitive rates are projected to remain lower than those forecast in the Business Forecast Sensitivity Case forecast. During the four-year rate freeze, NextEra Energy projects total customer savings of ~\$958 million, including customer refunds.

<b>30-Year Projected State &amp; Local Tax Impact from Employment</b>		
<b>State of South Carolina</b>		
<b>Direct Tax Impact</b>	<b>Indirect &amp; Induced Tax Impact</b>	<b>Total Tax Impact</b>
\$3,114,177,735	\$1,902,335,907	\$5,016,513,642

While newer, cleaner generation facilities are lower cost and more environmentally friendly, the reality is these facilities require fewer employees to operate. NextEra Energy believes that during the four-year rate freeze and upon completion of the construction of new generation facilities, there will be an approximate net job loss of approximately 680 jobs at Santee Cooper, not all of which actually impact Berkeley County because of generation facilities located across South Carolina. NextEra Energy is committed to working with impacted workers as detailed in other sections of this response and will implement a comprehensive strategy to make sure that impacted workers have the resources they need to find new employment opportunities. Despite the job loss, NextEra Energy's proposal for Santee Cooper has a positive total impact of more than \$47 billion to Berkeley County.

<b>Santee Cooper Impact Overview</b>	
<b>Berkeley County</b>	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Economic Development Projects Capital Investment and Job Creation)	<b>\$47,342,403,555</b>
Contribution to Regional Economy	\$17,899,255,251
Total Labor Income	\$5,929,045,293
Total Local Taxes	\$2,145,968,738

NextEra Energy's commitment to rate stability is a significant factor in South Carolina's overall economic development competitiveness, particularly as it relates to business prospects operating in sectors that are heavy electric users. While it is impossible to determine the precise impact this might have from an economic development perspective, the impact of investment and job creation scenarios can be measured.

If NextEra Energy can provide competitive electric rates to companies in these energy intensive sectors and offer some stability into the future, this could result in job creation and investment as companies seek new locations or expand their existing South Carolina operations. In an effort to understand how those business decisions might positively impact South Carolina and cities or counties where development might occur, Boyette developed two business location scenarios.

<b>Metal Processing Scenario Impact 2021-2024</b>				
<b>Berkeley County</b>				
	<b>Employment</b>	<b>Labor Income</b>	<b>Contribution to Regional GRP</b>	<b>Total Impact</b>
Direct	470	\$111,771,474	\$245,031,577	\$727,730,335
Indirect	254	\$50,892,082	\$115,470,291	\$235,819,204
Included	118	\$10,784,419	\$23,709,394	\$43,401,531
<b>Total</b>	<b>842</b>	<b>\$173,447,975</b>	<b>\$384,211,262</b>	<b>\$1,006,951,070</b>

<b>Local Tax Impact from Metal Processing Scenario 2021-2024</b>		
<b>Berkeley County</b>		
<b>Direct Tax Impact</b>	<b>Indirect &amp; Induced Tax Impact</b>	<b>Total Tax Impact</b>
\$2,844,650	\$6,454,439	\$9,299,089

<b>Data Center Scenario Impact 2021-2024</b>				
<b>Berkeley County</b>				
	<b>Employment</b>	<b>Labor Income</b>	<b>Contribution to Regional GRP</b>	<b>Total Impact</b>
Direct	472	\$35,099,458	\$44,808,072	\$99,775,312
Indirect	83	\$8,891,926	\$13,159,113	\$24,978,703
Included	56	\$2,915,245	\$6,409,405	\$11,732,391
<b>Total</b>	<b>611</b>	<b>\$46,906,629</b>	<b>\$64,376,590</b>	<b>\$136,486,406</b>

<b>State &amp; Local Tax Impact from Data Center Scenario 2021-2024</b>		
<b>Berkeley County</b>		
<b>Direct Tax Impact</b>	<b>Indirect &amp; Induced Tax Impact</b>	<b>Total Tax Impact</b>
\$715,358	\$922,315	\$1,637,673

The complete analysis performed by Boyette is included as an attachment to this response.

**Section 2(A)(11): FERC License 199 Water Systems, Undeveloped Lands, Recreational Assets**

Historically, Santee Cooper has been the steward of the Santee Cooper lakes by being deeply involved in maintaining one of South Carolina's largest and most beloved freshwater resources. NextEra Energy will provide more than continuity to the existing mix of multi-utilization and conservation. NextEra Energy's environmental team has already toured the lakes and understands their beauty and the importance of keeping them maintained from a business perspective, but also so that future generations of South Carolinians and tourists can enjoy their serene beauty. Those who enjoy, use or depend on the lakes will not see a change.



Under a FERC license, a hydroelectric project licensee must follow the specific purposes, terms and conditions incorporated in the license. A license transfer can only occur with FERC approval, after a finding that the transferee is qualified to hold the license and operate the project, and that the transfer is in the public interest. The transferee remains subject to the license and must continue to operate the project according to its purposes, terms and conditions. Effectively, the new licensee would step into the shoes of Santee Cooper, inheriting the same duties and obligations. As an experienced FERC hydroelectric project licensee, NextEra Energy understands and accepts those legal obligations.

Our proposal envisions SCP&L will assume all responsibility for operations associated with the FERC Project No. 199 license, including operations of the Jefferies Generating Station and Santee Spillway Generating Station. Moreover, SCP&L will continue to fully comply with the FERC license requirements, including responsibility for hydroelectric generation, dam safety, vector control, land and forest maintenance, shoreline management, water quality monitoring, land-use classification and all other conditions. As required under the license, the new utility will maintain public access to the lakes for recreation and all other uses outlined in the license terms.

NextEra Energy has a successful history of operating hydroelectric facilities under FERC license. Specifically, NextEra Energy, through FPL Energy Maine, owned and operated 29 hydroelectric facilities and seven storage facilities in Maine from 1999-2012 with an excellent compliance history. FPL Energy Maine performed all responsibilities required under the FERC license associated with the project, including maintaining public access, shoreline management, vector management and park maintenance. We maintained more than 300 FERC and non-FERC licensed public recreation sites along the Maine hydro projects, provided public access to whitewater rafting, parking and trails and optimized river flows to promote angler fishing. Additionally, we donated lands along the Kennebec River to place them in conservation easements to prohibit development, donated high-value shoreline properties to the state of Maine for conservation and promoted wetland preservation by working with the U.S. Fish and Wildlife Service to implement a 15-year wetland monitoring plan at Moosehead Lake. Finally, our efforts also included education, engagement with local schools and participation and contribution research projects related to archaeology, loons, fisheries, turtles, mercury, water quality, macro-invertebrates, wetlands, nesting birds, recreation use, hydropower engineering and renewable energy.

Given our successful experience operating similar projects and our appreciation of the importance of Project No. 199 and its associated lakes to South Carolina, we would expect the status quo of the lakes will be maintained if not enhanced through our involvement in the project.

**Section 2(A)(13): South Carolina Territory**

After closing, within the State of South Carolina, NextEra Energy would only be providing utility service to the current Santee Cooper territory.

**Section 2(A)(14): Terms and Conditions**

We confirm that there are no terms or conditions of our proposed transaction other than those reflected in our mark-up of the Asset Purchase Agreement. The Proposed Transaction Terms in Exhibit 1 of the Cover Letter are included for reference only.

NextEra Energy's regulatory filings within the past seven years are included as an attachment to this submission.

**Section 2(B)(2): Assets Excluded from the Sale of Santee Cooper's Utility Assets**

NextEra Energy is proposing to purchase substantially all of the Santee Cooper assets, including electric utility assets, water facilities and all hydro assets related to the Federal Energy Regulatory Commission ("FERC") Project No. 199 license including transfer of the license. Details of all included and excluded assets are outlined in the Asset Purchase Agreement.

**Section 2(B)(3): Tax Exempt Status**

Upon closing, SCP&L, as a controlled subsidiary of NextEra Energy, would not be eligible for tax-exempt status under either federal or state tax laws.

The benefits of our proposal to key stakeholders is described in the Cover Letter. Section C discusses the benefits to the state of South Carolina. Section D includes a discussion of how our proposal provides certainty to ratepayers through the customer refunds and rate freeze and discusses potential sources of uncertainty for customers.

The proposed rate freeze will require regulatory participation as outlined in the Enabling Legislation that is included as an attachment to this submission.

Our proposal also contemplates securitization, as discussed in Section C of the Cover Letter.

**Section 2(B)(4): Bidder's Financing Options**

N/A

**Section 2(B)(5): V.C. Summer 2 & 3 Regulatory Asset**

Our proposal does not contemplate the inclusion of any regulatory asset associated with the V.C. Summer Units 2 & 3 nuclear project in rate base.

**Section 2(B)(6): Plan for Headquarters**

Please see our response to Section 2(A)(10).

**Section 2(B)(7): Provision of Electric Services in South Carolina for 20 Years**

NextEra Energy is committed to being a long-term partner to the State of South Carolina and plans to provide electric services in South Carolina well beyond 20 years after closing the acquisition of Santee Cooper. NextEra Energy is excited about the opportunity to provide clean, reliable power to South Carolina's people, communities and businesses for generations to come.