



NextEra Energy's Proposal to Acquire Santee Cooper

Presentation to Senate Finance Committee

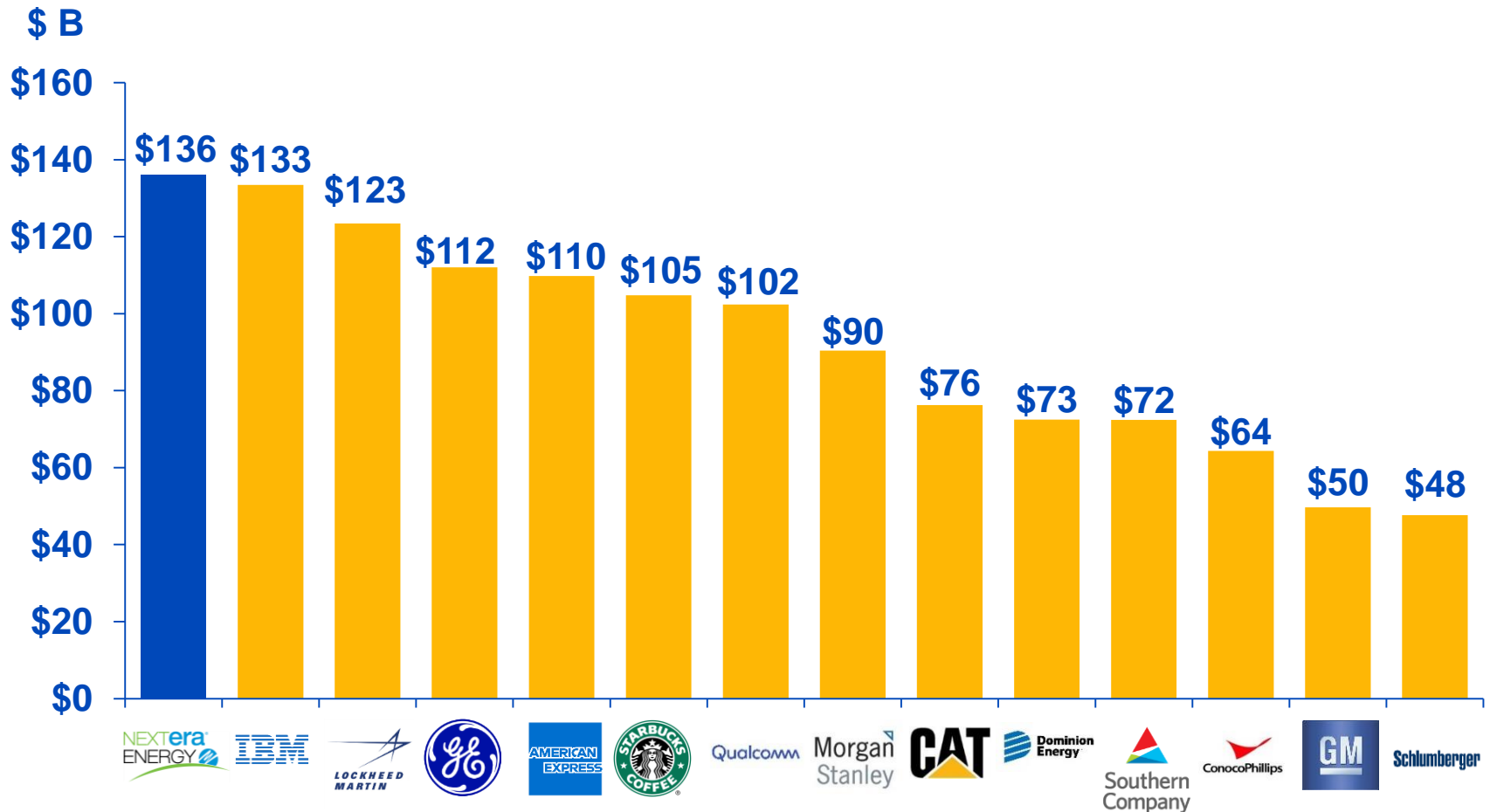
February 19, 2020

Agenda

-  Overview of NextEra Energy
- NextEra Energy's Philosophy & Track Record
- NextEra Energy's Plan for Santee Cooper

NextEra Energy is larger than some of the most well-known companies in the world

Market Capitalization of Select Major Companies



Source: FactSet; Market Cap as of 2/14/2020



Our culture drives our success

Who We Are

NextEra is the **largest, lowest cost utility** holding company in America⁽¹⁾

NextEra has **one of the cleanest generation portfolios** – CO₂ emissions 55% below national average⁽²⁾



Our culture is focused on **excellence, integrity, and talent**

NextEra is an **'all of the above' energy provider** with experience in all major generating technologies

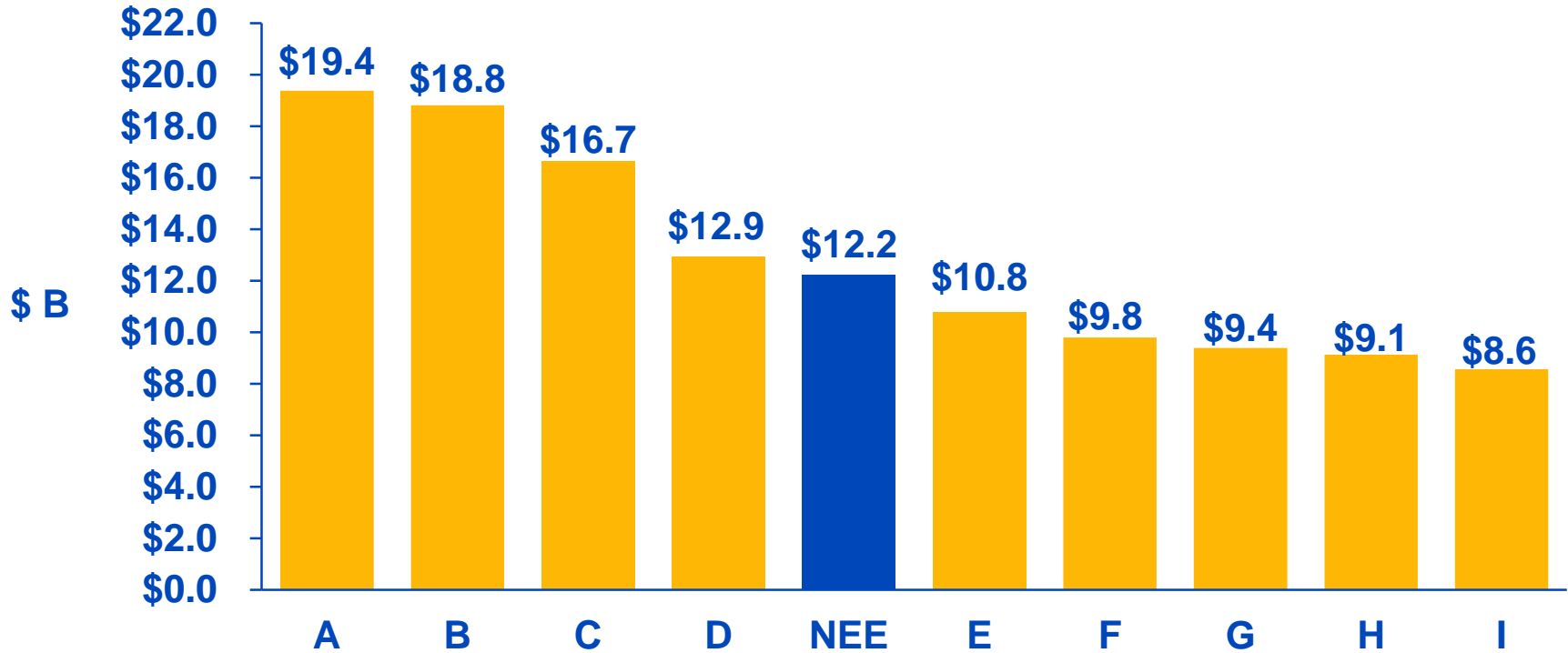
NextEra is **one of America's largest capital investors** with ~\$13 B invested in 2019 alone

1) Compared to holding companies with >100,000 customers; excludes companies with no utility-owned generation
2) Compared to U.S. Electric Power Sector, 2018



NextEra Energy was the fifth largest investor of capital in the U.S. across all sectors in 2018

2018 Top 10 U.S. Capital Investors⁽¹⁾



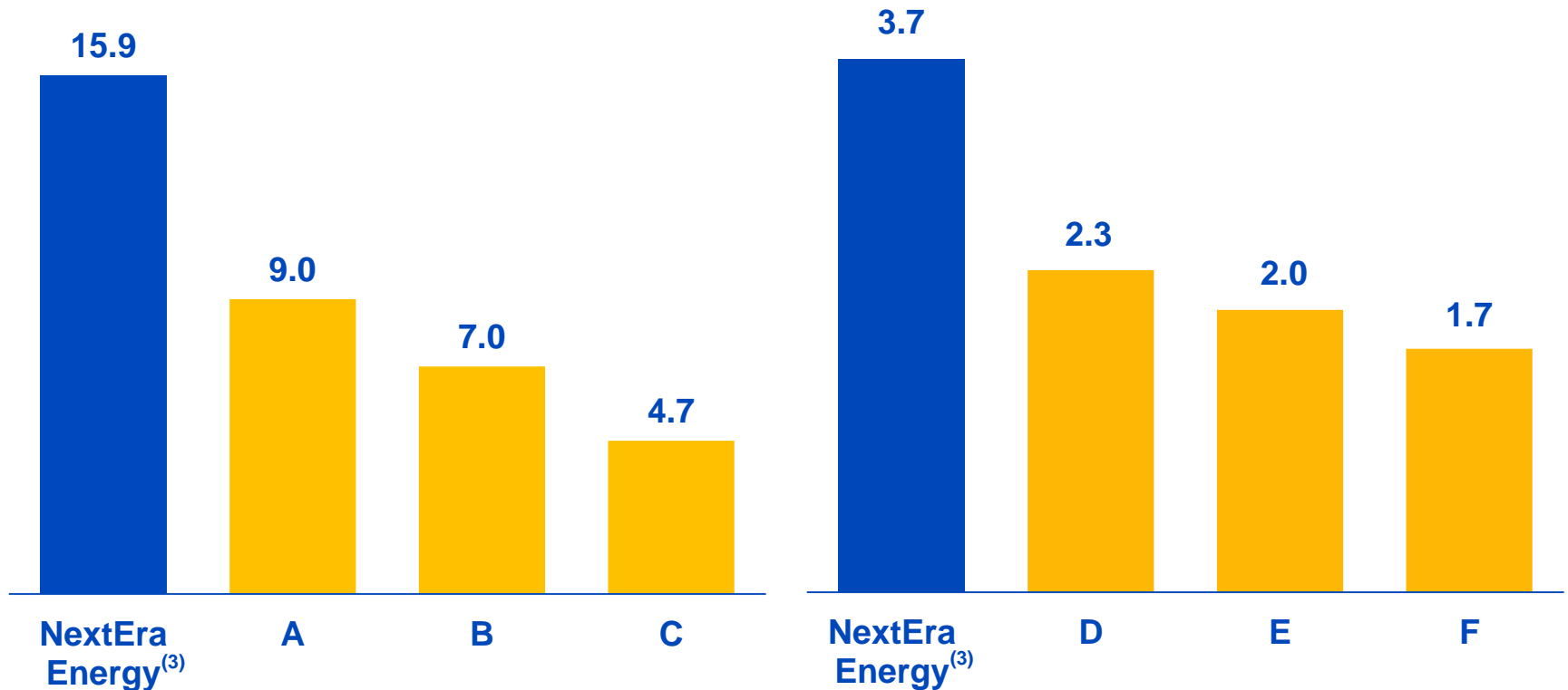
Since 2009, NextEra Energy has invested ~\$96 B in 45 states across the country

1) NextEra Energy internal estimates based on publicly available information

NextEra Energy is America's largest owner of wind and utility scale solar generation in the United States

2019 North America Wind Owners⁽¹⁾ (GW)

2019 U.S. Utility Scale Solar Owners⁽²⁾ (GW)



1) Sources: AWEA WindIQ database as of 2/5/2020 and internal estimates; wind additions exclude build-own-transfer projects

2) GTM Utility PV Tracker and internal estimates as of December 13, 2019; SNL Database

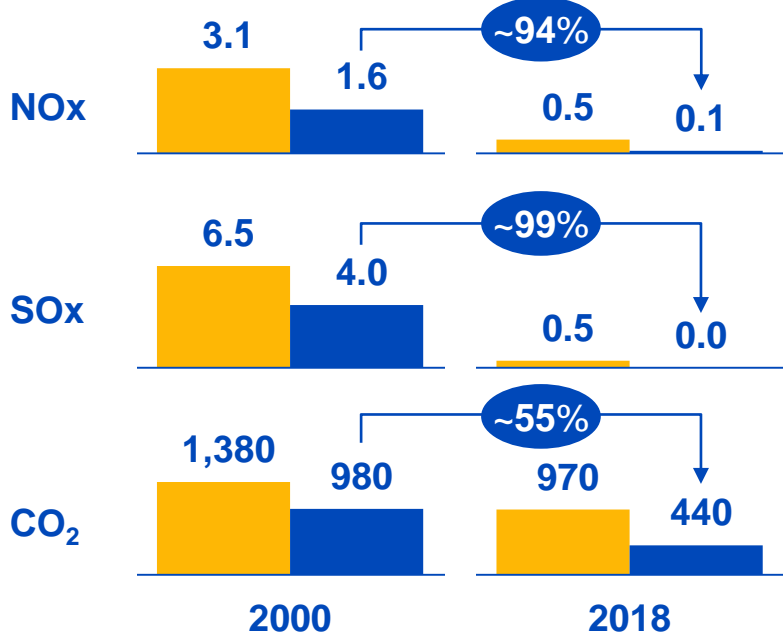
3) Includes NextEra Energy Partners assets and other minority-owned assets at ownership share %

In our view, no one in our industry has done more than NextEra Energy to address emissions reductions

U.S. Utility Generation Emissions Rates⁽¹⁾

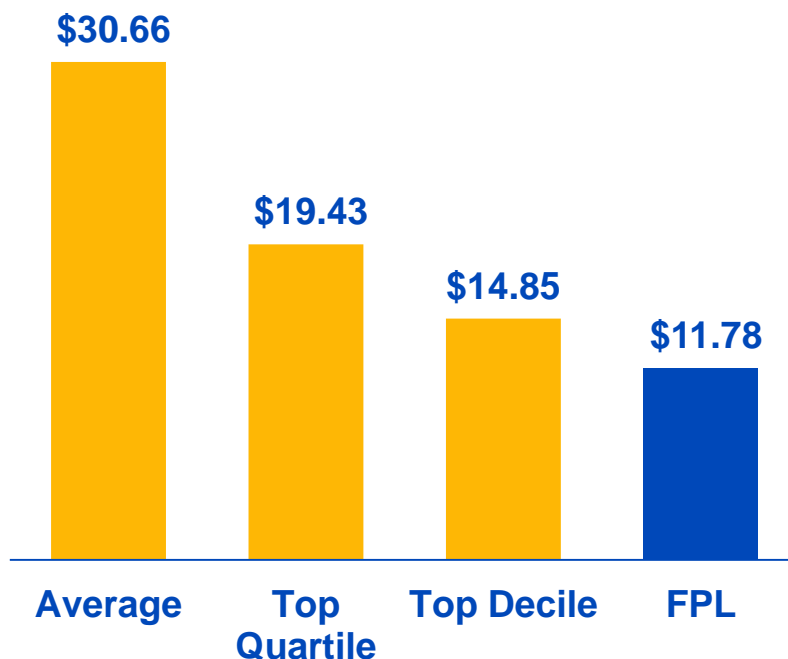
(Lbs. per MWh)

■ U.S. Electric Power Sector Avg. ■ NextEra Energy



U.S. Utility Operational Cost Effectiveness⁽²⁾

(\$ per MWh)



NextEra Energy is living proof that you can be clean, low cost and financially successful all at the same time

1) Historic internal from TYSP 2019; U.S. Electric Power Sector: historic DOE data from EIA AEO 2019
 2) FERC Form 1, 2018. Excludes pensions and other employee benefits. Note: Holding companies with >100,000 customers. Excludes companies with no utility-owned generation



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Our value proposition is anchored in a culture focused on delivering outstanding results

NextEra Energy Winning Culture

- **Key elements of our culture:**
 - Setting big goals as well as high standards and expectations
 - Passion to be the best and continue our track record of excellence
- **Focus on our customers:**
 - Providing an outstanding value proposition for our customers
 - Operational excellence, continuous improvement and delivering on our commitments
- **Focus on our people:**
 - Diverse and talented team of employees who are the foundation of our success
 - Commitment to talent development

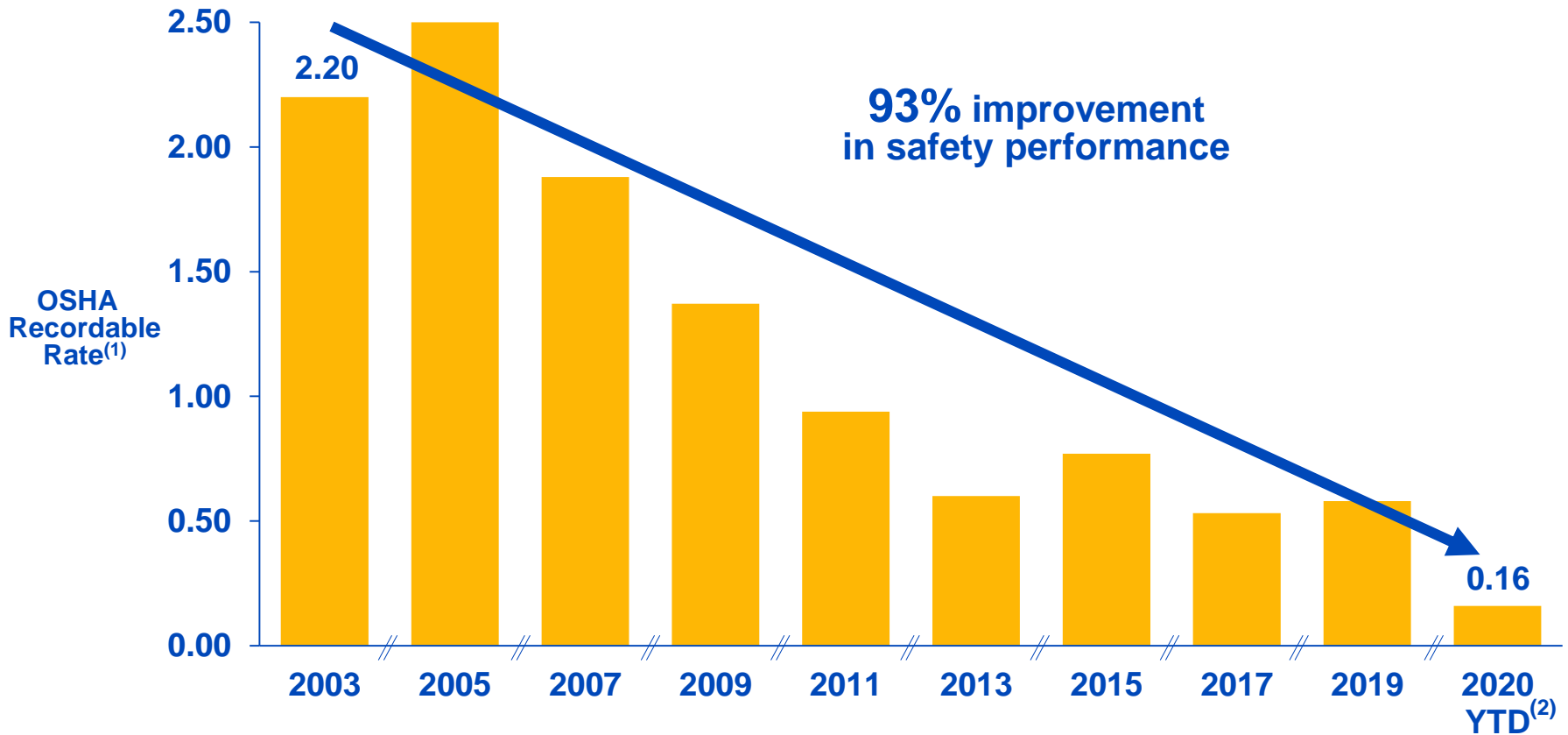


Accountability, integrity and respect



Our commitment to safety is a hallmark of our operating culture and a reflection of our focus on execution

Commitment to Safety



1) OSHA Recordable Incident Rate equals number of Occupational Safety and Health Administration Recordable injuries/illnesses * 200,000/Total Hours Worked

2) As of 1/31/2020



NextEra Energy has a long history of execution and it is embedded in everything that we do

NextEra Energy – History of Execution

FPL's First Storm Drill (1952)



Engineering & Construction – Projects In-Service Since 2003⁽¹⁾

205
major capital
projects
completed

Total of
~\$900 MM
under
budget

Average of
22 days
ahead of
schedule

137
wind projects
met year-end
milestones

**“Say what we do and do what we say”
A culture of delivering on our commitments**

1) As of 12/31/2019

The Okeechobee Clean Energy Center demonstrates FPL's ability to execute on major capital initiatives

FPL's Plant Okeechobee vs. Natural Gas Combined Cycle Plant Comparison

FPL's Okeechobee Clean Energy Center
COD March 2019



	FPL's Okeechobee Clean Energy Center	Other Southeast NGCC
Total Cost	\$1.2 B (\$693/kW)	~\$1.6 B (~\$980/kW)
Capacity (summer)	1,778 MW	~1,600 MW
Heat Rate	6,133 Btu/kWh	~6,500 Btu/kWh
Construction schedule	26 months	36 months

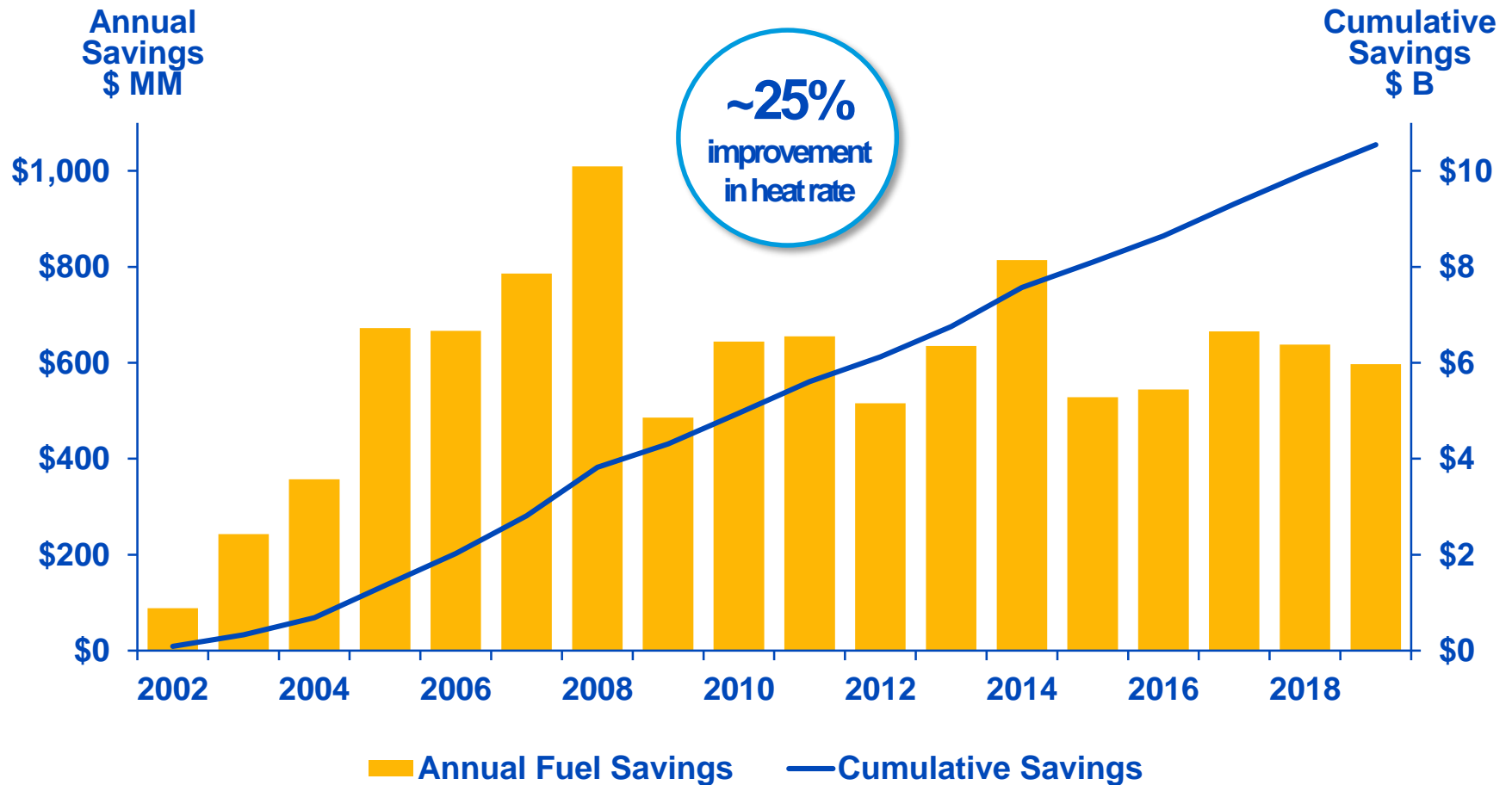
FPL's plant is among the cleanest, most efficient plants of its kind in the world

Since 2003, FPL has delivered 29 combined cycle and solar projects an average of 6% under budget and 26 days ahead of schedule⁽¹⁾

1) As of 12/31/2019

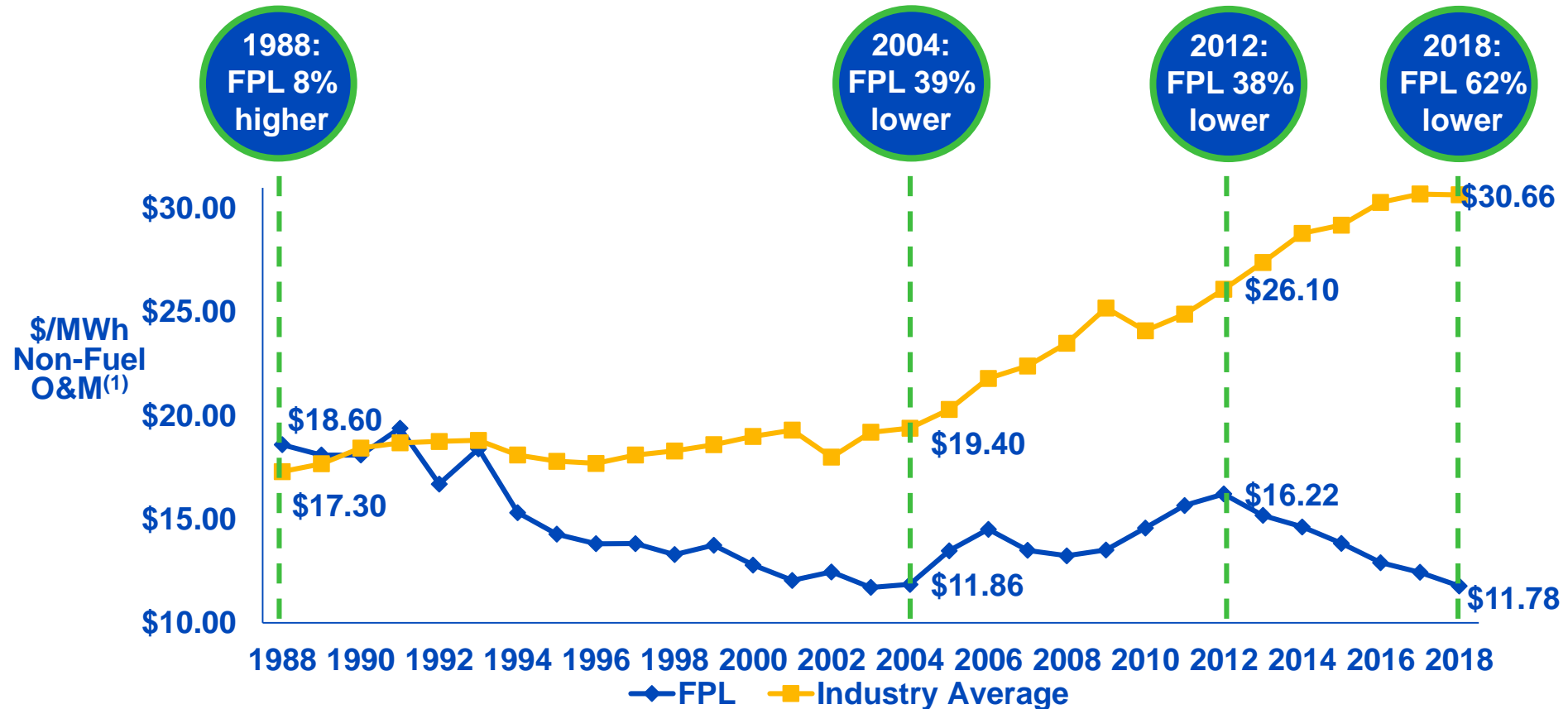
FPL's generation modernizations have saved customers nearly \$10.5 B from fuel efficiency improvements since 2002

2002 – 2019 Customer Fuel Savings



FPL is also improving productivity in real terms

A 30-year Evolution of FPL Operational Excellence



FPL is 3x more efficient on a customer per employee basis than it was in 1988

1) Non-fuel O&M based on FERC Form 1 filings; excludes pensions and other employee benefits



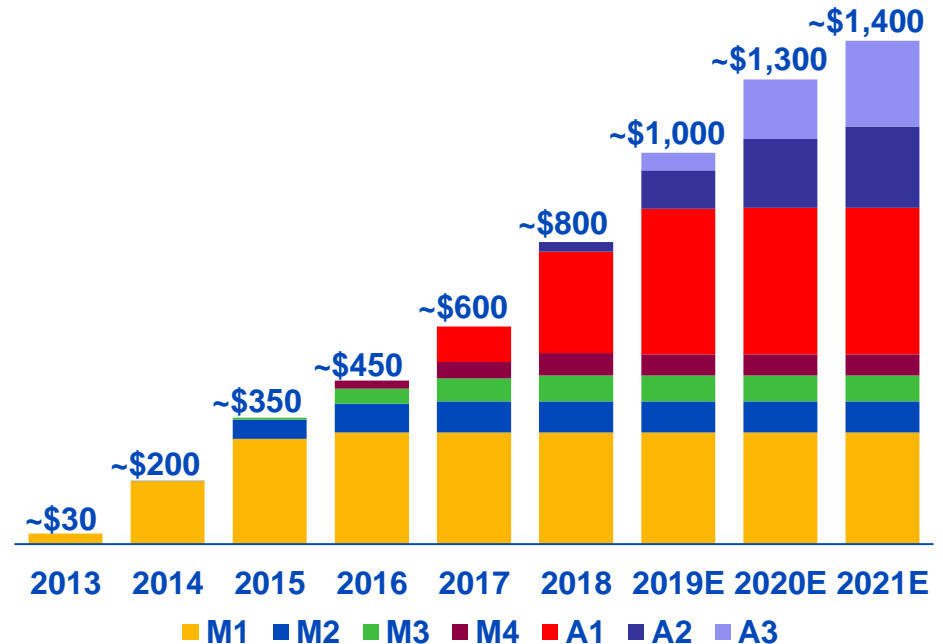
NextEra Energy's improved O&M productivity is largely the result of Project Momentum and Project Accelerate

Momentum and Accelerate Summary

Annual Run Rate Savings

(\$ MM)

- Annual bottom-up, employee-generated idea process for reducing costs and increasing revenues
- Over the course of 2013 to 2019:
 - 18,000+ ideas submitted
 - 11,000+ ideas evaluated
 - ~5,600 ideas approved and implemented



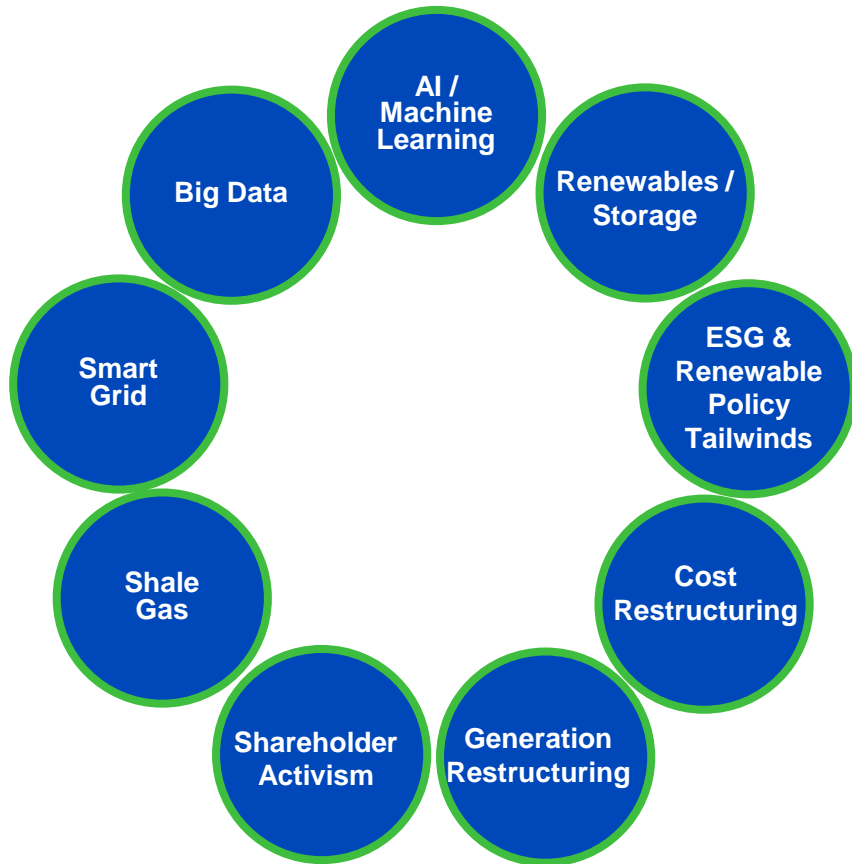
Projects Momentum & Accelerate are comprehensive, multi-year efforts to maintain our strong cost position

Note: A3 savings include Gulf Power

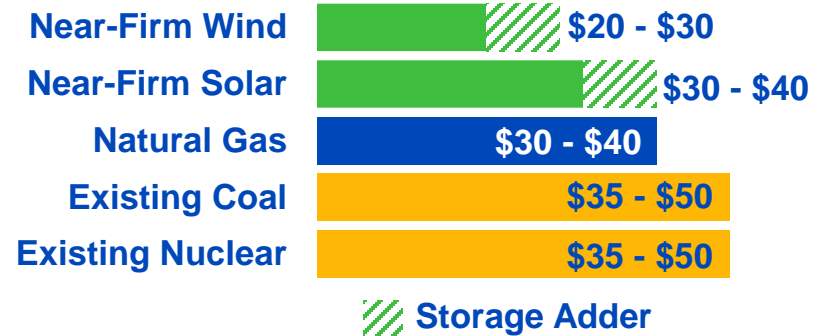


We expect the industry's disruptive factors will further expand and accelerate over the coming years

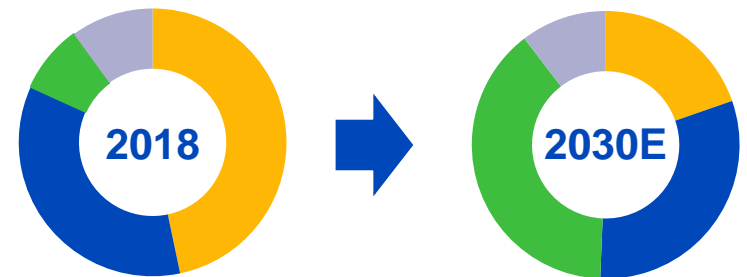
Disruptive Industry Changes Today



Potential Cost per MWh Post-2023/2024⁽¹⁾ (\$/MWh)



U.S. Electricity Production by Fuel Type⁽²⁾



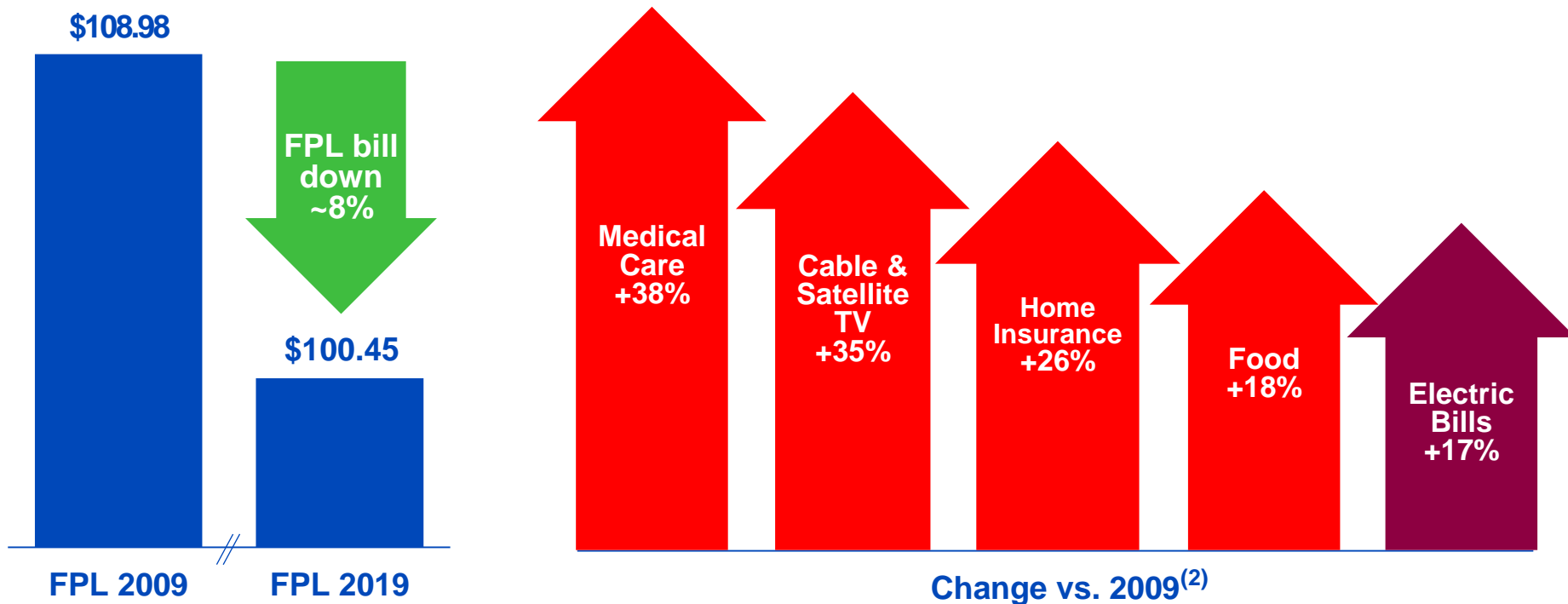
■ Wind & Solar ■ Natural Gas ■ Coal & Nuclear ■ Other

1) Represents projected cost per MWh for new build wind, solar, and natural gas; excludes PTC for wind and assumes 10% ITC for solar; projected per MWh operating cost including fuel for existing nuclear and coal; based on NextEra Energy internal estimates

16 2) 2018 source: U.S. EIA; 2030 estimate source: National Renewable Energy Laboratory (NREL)

FPL's typical customer bill is nearly 8% lower today than it was in 2009, even as most other goods and services have increased in price

FPL Customer Bill⁽¹⁾ Comparison



1) FPL annual average rates based on a typical 1,000 kWh residential bill

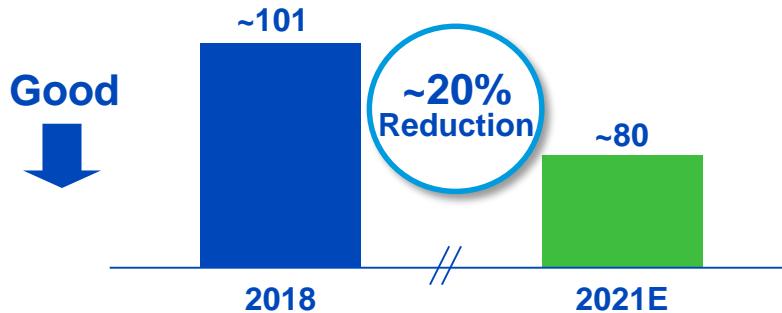
2) Medical care, cable & satellite TV, home insurance and food data from U.S. Dept. of Labor Consumer Price Index for January 2009 vs. December 2019; electric bills are national average as reported in EEI Typical Bill and Average Rates Report

We expect Gulf Power customers will benefit from our approach and track record of execution

The NextEra Energy Approach at Gulf Power

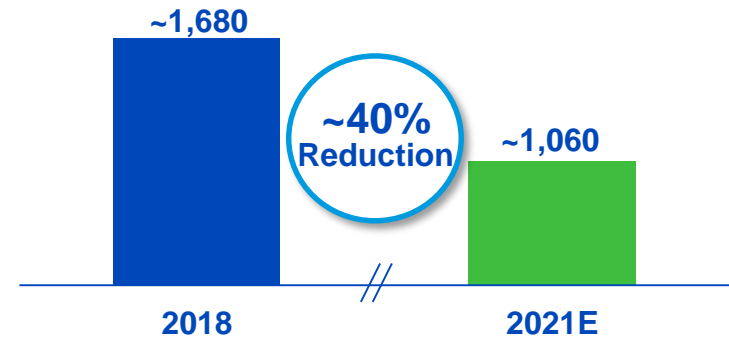
Service Reliability⁽¹⁾

minutes



CO₂ Emissions Rate

CO₂ Lbs./MWh

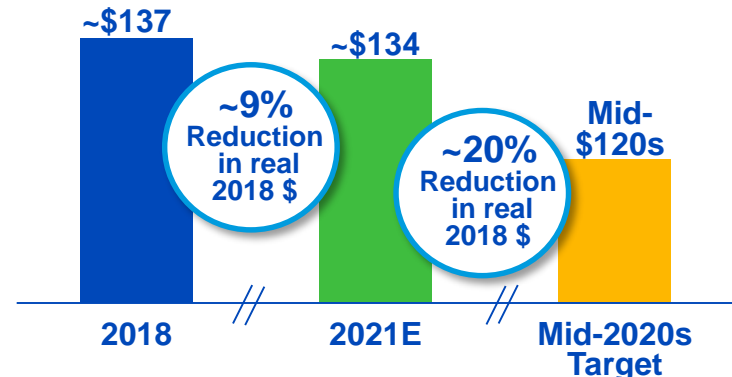


Operational Cost Effectiveness⁽²⁾

\$/Retail MWh



1000-kWh Residential Bill⁽³⁾




1) System Average Interruption Duration Index

2) FERC Form 1, non-fuel O&M; excludes pensions and other employee benefits

3) Based on a typical 1,000 kWh monthly residential bill; 2018 excludes benefit of accelerated flow back of unprotected deferred income taxes of ~\$9 per month; 2021 excludes \$8 per month surcharge related to Hurricane Michael

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- Overview of NextEra Energy
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NextEra Energy's proposal reflects a total value to the state of South Carolina, its citizens and Santee Cooper's customers of approximately \$19 B



1) Palmetto Promise Institute report, January 2020

NextEra Energy's proposal addresses the Joint Resolution's key requirements

Key Terms of NextEra Energy's Proposal

- 
- Low and Stable Customer Rates, including a Four-Year Rate Freeze
 - Debt Resolution
 - Litigation Resolution
 - Material Agreement with Central
 - Resolution of Pension Obligations
 - Maintains Headquarters in Moncks Corner
 - Maintains Status Quo of Lakes Marion and Moultrie
 - Economic Development Partnerships

NextEra Energy is excited about the opportunity to invest in South Carolina

Why South Carolina



One of the best business climates in the country



Growing population



Above average economic growth



Highly skilled workforce

Opportunity for a significant investment that will create jobs, reduce emissions and help drive the next phase of growth for the state

Our plan for Santee Cooper is similar to the plan we are executing at Gulf Power and have executed at FPL

Our Vision for Santee Cooper Power & Light⁽¹⁾

- **Deliver outstanding customer value**
- **Execute on best-in-class operations**
- **Modernize the generation fleet**
- **Access to full resources of the NextEra Energy family**

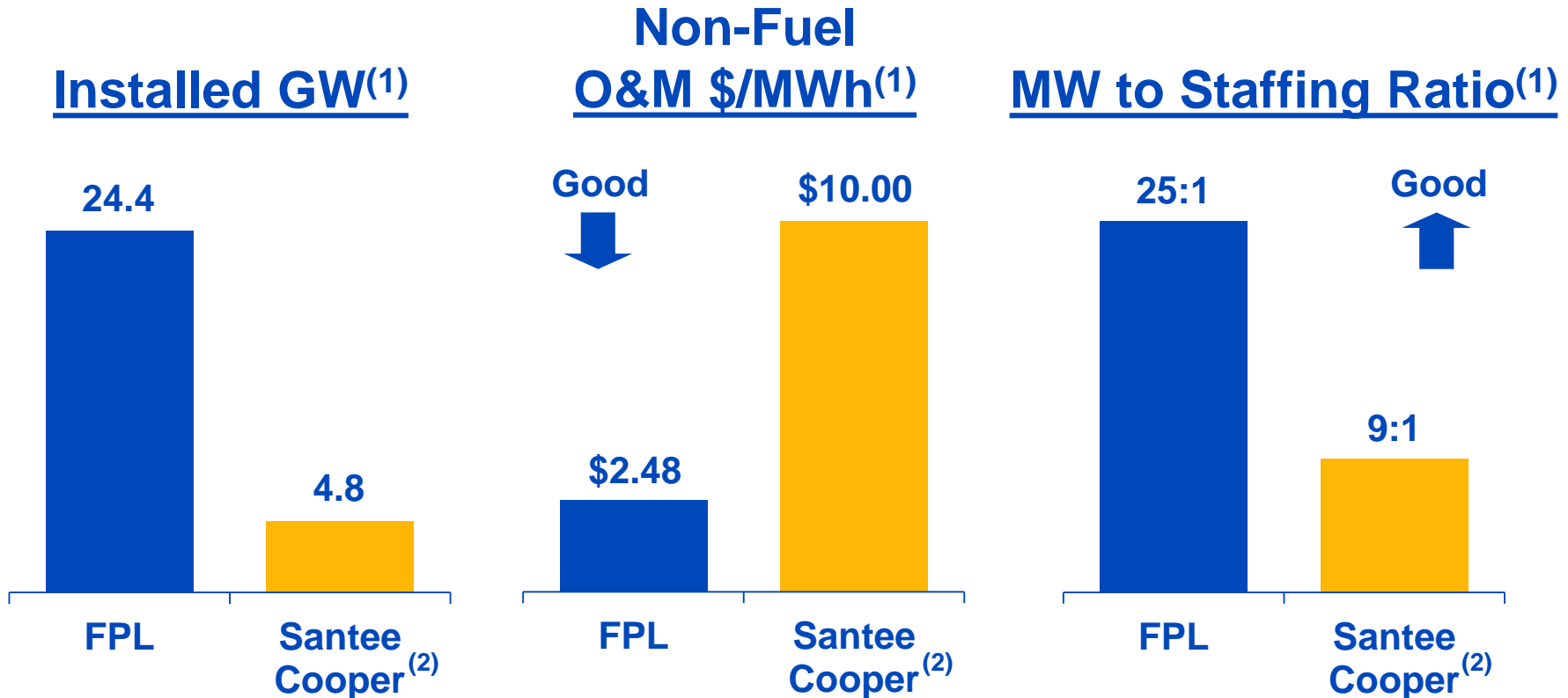


1) We are referencing the new utility as "Santee Cooper Power & Light Company" and would plan to use that name; however, we are amenable to the use of another name



Santee Cooper's costs and staffing are significantly higher than FPL's

Non-Nuclear Generation Comparison (2018)

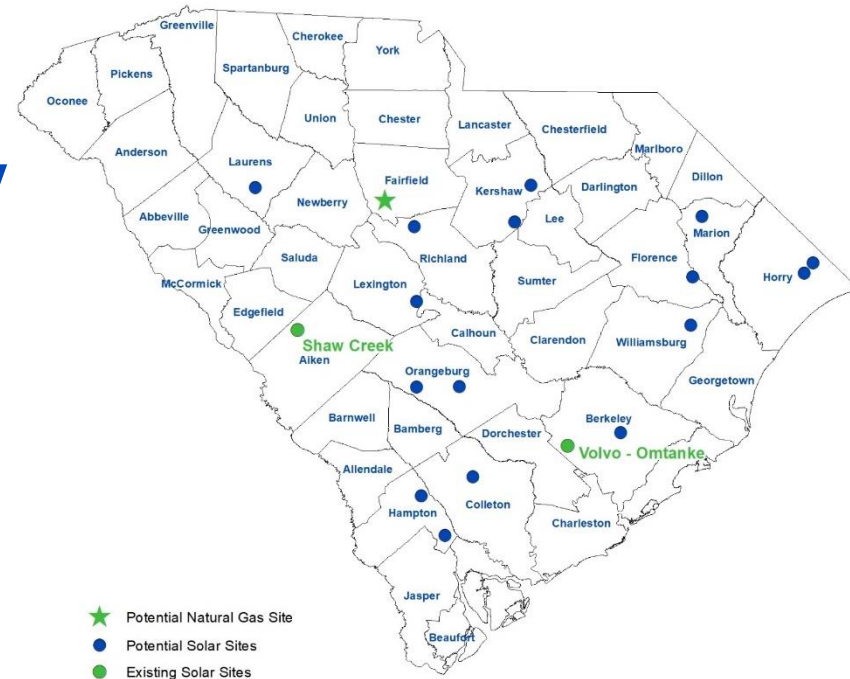


- 1) Excludes nuclear generation and purchased power. FPL non-fuel O&M based on FERC Form 1 filings
- 2) Santee Cooper 2018 Annual Report, Santee Cooper 2018 Fingertip Facts and NextEra Energy proposal, as submitted to the Department

NextEra Energy intends to invest approximately \$2.3 B of capital to build new generation units in South Carolina, creating jobs and additional economic benefits

New Investment

- ~\$2.3 B investment in low-cost, clean and reliable generation
- Retire ~1,150 MW of coal capacity
- Build new generation, including:
 - 800 MW of solar across the state
 - 50 MW of battery storage
 - ~1,250 MW natural gas facility in Fairfield County
 - ~300 MW of additional capacity at the Rainey Generating Station

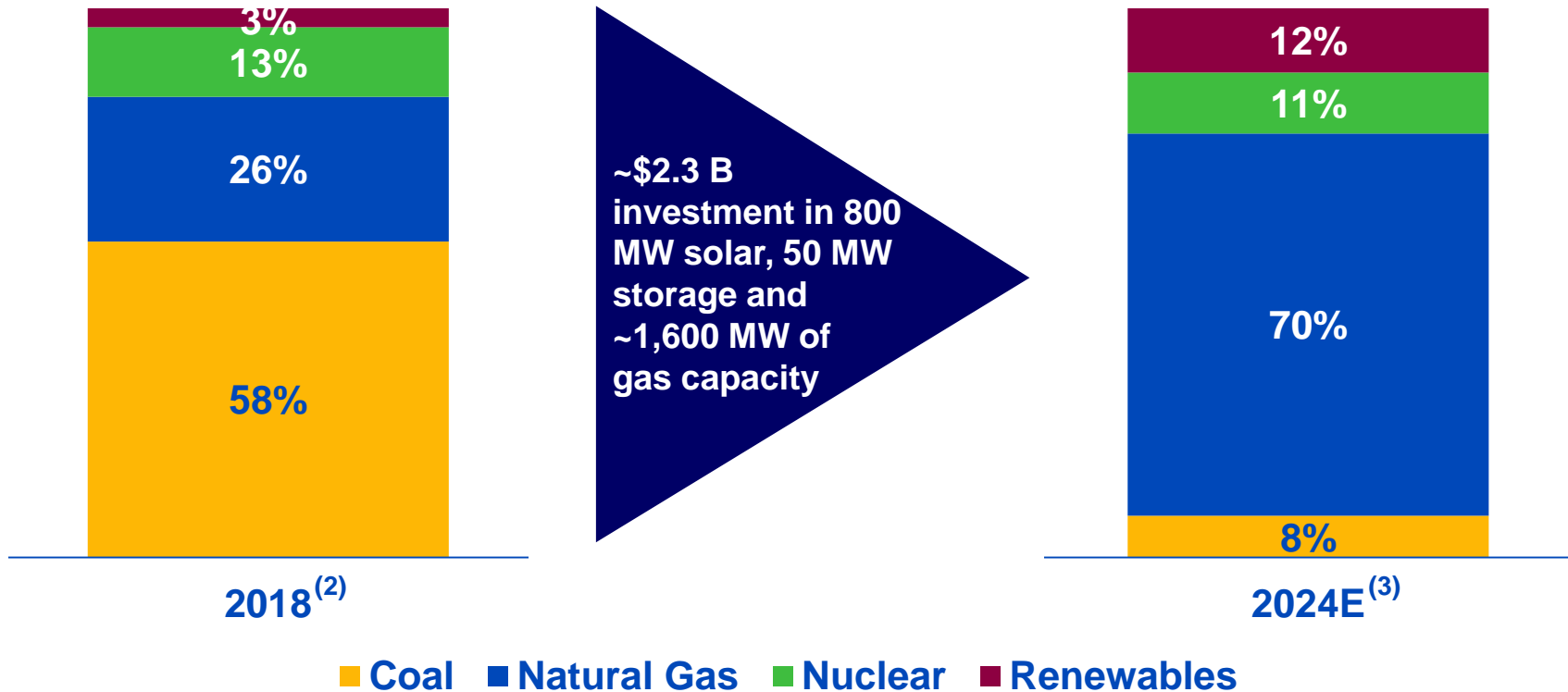


Investment is expected to support or create ~5,000 direct and indirect jobs annually⁽¹⁾

1) Boyette Strategic Advisors study, as submitted to the Department

Our investments in Santee Cooper's generation fleet result in lower operating costs and reduced emissions

Change in Generation Mix (MWh)⁽¹⁾



NextEra Energy's generation plan is projected to yield a 45% reduction in Santee Cooper's annual CO₂ emissions by 2024⁽⁴⁾

1) Owned generation; excludes purchased power

2) Santee Cooper 2018 Annual Report

3) Department of Administration Report

4) Santee Cooper baseline 2018 emissions from EIA 923 filings as compiled by SNL; NextEra Energy plan emissions based on Department Revenue Requirement Model dispatch

The proposed legislation is a critical part of NextEra Energy's proposal; it allows us to pursue our capital investment plan swiftly and documents our commitments

Importance of the Proposed Legislation

Authorizes the Sale

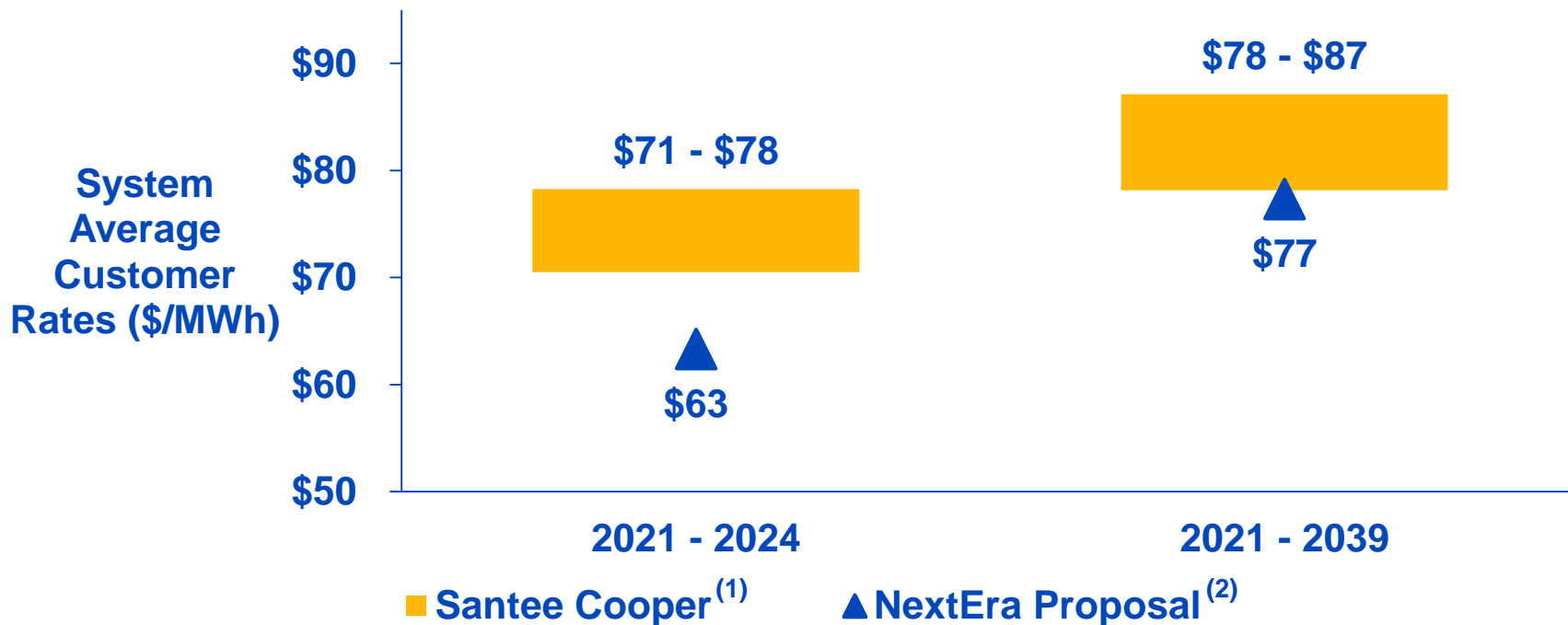
Converts Santee Cooper into an IOU

Establishes Framework for Generation Capital Investment Plan

Documents Our Commitments to Customers

NextEra Energy's proposal offers rate certainty through a four-year rate freeze, \$941 MM of up-front customer refunds and lower long-term rates

Average System Rates Comparison



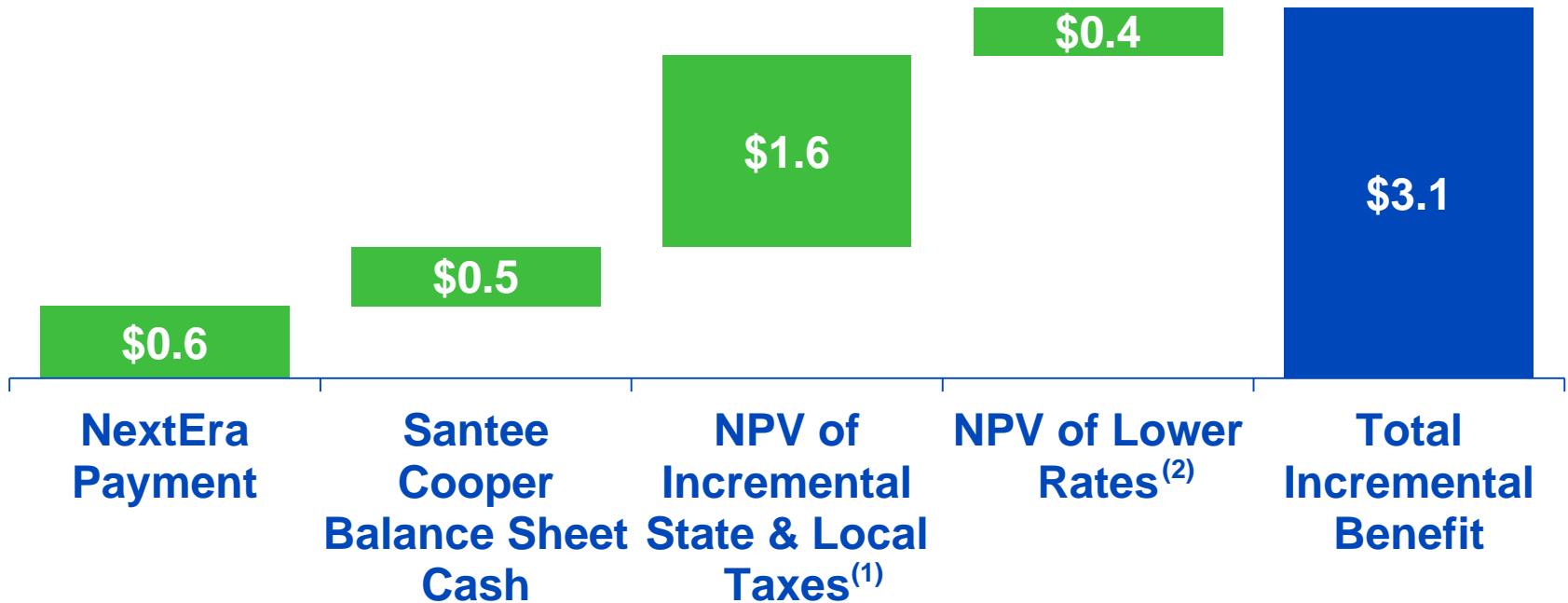
NextEra's proposal delivers ~\$2.9 B of NPV benefit to customers relative to Santee Cooper's 2019 budget and ~\$400 MM relative to Reform Plan^(3,4)

- 1) Range presented is from Santee Cooper's Reform Plan rate to Santee Cooper's 2019 budget rates under Department report assumptions
- 2) Rate freeze rate is \$63 as submitted; post-freeze rates per Department report, excluding Department adjustments to O&M expenses and capital expenditures: \$941 MM refund amortized over rate freeze period
- 3) NPV assumes a 6.15% discount rate
- 4) These comparisons to Santee Cooper's rates make no assumptions with respect to how Santee Cooper will resolve litigation and the impact of that on customer rates



In total, our proposal provides ~\$3.1 B of incremental benefits compared to Santee Cooper's Reform Plan

Total Incremental Benefits (\$ B)



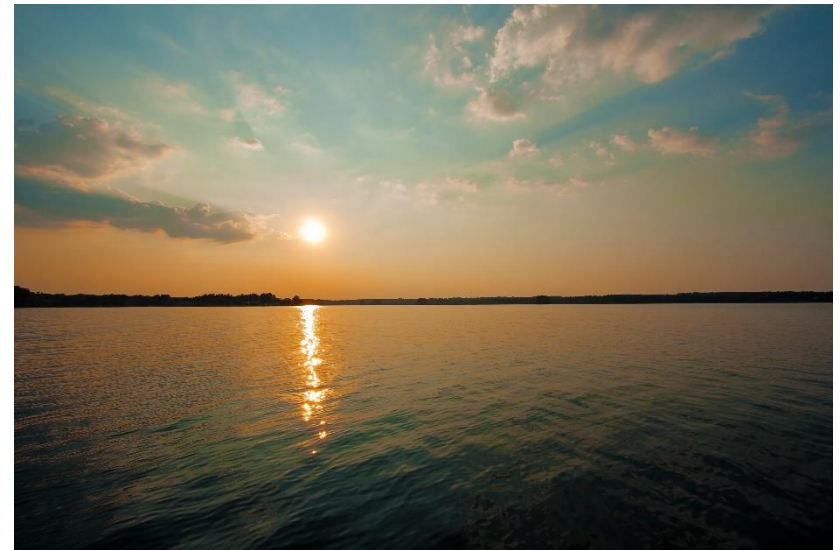
In addition, our proposal resolves significant V.C. Summer 2 & 3 related litigation

- 1) 30-year NPV; assumes 3.0% discount rate based on current long-term state and municipal bond yields
- 2) Including proposed customer refunds; these comparisons to Santee Cooper's rates make no assumptions with respect to how Santee Cooper will resolve litigation and the impact of that on customer rates

NextEra Energy understands the responsibility associated with Lakes Marion and Moultrie

Commitment to Environmental Stewardship

- Santee Cooper has been the steward of Lakes Marion and Moultrie, South Carolina's largest and most beloved freshwater resources
- NextEra Energy understands the responsibility of maintaining the economic value and legacy of the lakes for future generations
- Those who enjoy, use or depend on the lakes will not see a change



NextEra Energy is committed to continuing and improving upon Santee Cooper's stewardship of the lakes

NextEra Energy will maintain commitments to economic development and current charitable contributions

Support for South Carolina Communities

- NextEra Energy has a proven track record as an economic development partner
- We will establish an economic development team in South Carolina
- We will be an active partner in local communities and will maintain Santee Cooper's current level of charitable contributions



With our low electric rates, we will create an even more powerful economic development engine for South Carolina

NextEra Energy will also maintain Santee Cooper's headquarters in Moncks Corner

Operating Santee Cooper Power & Light⁽¹⁾

- 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
- During the transition, we will be guided by our values:
 - Commitment to Excellence
 - Do the Right Thing
 - Treat People with Respect



1) We are referencing the new utility as "Santee Power & Light Company" and would plan to use that name; however, we are amenable to the use of another name

We believe our proposal offers a compelling combination of value and certainty for the state and Santee Cooper's customers

Summary

- **Represents over \$19 B of value to South Carolina and the customers of Santee Cooper**
 - Four-year rate freeze coupled with significant customer refunds
 - Repays and defeases Santee Cooper's existing debt
- **Delivers ~\$3.1 B of incremental benefits compared to Santee Cooper's reform plan**
 - Significant additional proceeds that can be deployed to address critical needs of the state
- **Transforms Santee Cooper to a cleaner, more efficient, modern utility**
- **Enables access to the full resources of the best-run utility in the country**
- **Provides economic development partnerships that, coupled with low cost energy, will help drive growth in South Carolina**

We look forward to working with the state to move the process forward

NEXTera[®]

ENERGY 

