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June 8, 2011

O. L. Thompson  
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Dear O. L.:

Central's Board has scheduled a Strategic Planning session for mid-July. A key focus of the meeting will be the on-going and future relationship between Santee Cooper and Central and, in general, where the electric utility industry is heading. Santee Cooper's view of this would be of great value to our assessment of the future. As a preamble to that meeting we would also like to ask Santee Cooper to respond in writing to the following questions.

- 1) Recent mergers between utilities seem to have started a new trend of consolidation in the industry. It is possible that most of the South will be dominated by a few very large power companies. According to recent news articles and talk within the financial community, SCANA seems to be a likely acquisition candidate in the near future. What would a merger between SCANA and another utility mean to Santee Cooper's joint ownership of existing and planned nuclear generation? How would Santee Cooper respond to SCANA pulling out of the current nuclear project as a result of a merger?
- 2) What does your crystal ball say Santee Cooper will look like in 10-15 years? 25-50 years?
- 3) Recently, many utilities appear to be pulling back from making nuclear investments. Significant regulatory and construction risks remain for nuclear expansion and recent natural gas pricing and increased supplies make alternatives to nuclear attractive. Will this mean that there will only be a couple of expensive nuclear units built (and we will own part of one) or do you think that nuclear power investment will expand beyond Southern and SCANA? If so Why?
- 4) We believe the benefits of tax exempt financing and property tax exemptions have historically provided Santee Cooper with approximately a 5-15% cost advantage over IOUs. With the large increases in fuel costs in recent years,

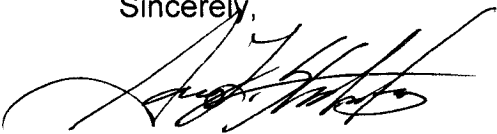
these benefits have deteriorated. What cost benefit does Santee Cooper anticipate in the future from its access to tax-exempt financing and its property tax exemptions and why do you expect them to continue ? Please include your anticipated future split between taxable and tax-exempt financing.

- 5) What is Santee Cooper's current debt service plan and how do you plan to implement it?
- 6) What are Santee Cooper's best guesses for maintaining the metals sector of its industrial base? What will be the impact to the Santee Cooper and the Cooperatives if the two largest customers are lost? What is the risk / reward?
- 7) If we end up with a merged Duke – Progress 60,000 MW system to the north and south, Southern Company to the West and SCANA being acquired by a similarly large utility; How can Santee Cooper be competitive given it will be a small provider? If so how? Specifically address the buying power of these large utilities vs Santee Cooper's and fuel diversity covering different regions.
- 8) Would Santee Cooper (and the Cooperatives) be better off long term if Santee Cooper moved toward sharing more resources and joint operations with other utilities rather than building standalone resources?

Further I would like to request a meeting of the Executive Committee of the Coordination Agreement be held by mid-June at which time we would like to discuss Santee Cooper's responses.

We would also like to have an update on the status of the efforts to reduce Santee Cooper's ownership share of the nuclear units at Jenkinsville, and an update on the construction and permitting of the same units placed on the agenda. I will ask Ron to call Lonnie and set a time for the meeting.

Sincerely,



Gary Stooksbury  
Chairman of the Board of  
Central Electric Power Cooperative, Inc.

cc: Executive Committee of the Coordination Agreement