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October 18, 2010

O. L. Thompson
Chairman of the Board
S. C. Public Service Authority
P. O. Box 63535
Charleston, SC 29464-3535

Re: Summer Nuclear Plant Units 2&3

Dear O. L.:

I have been asked by the Central Executive Committee to send a letter to the Executive Committee of the Coordination Agreement to explain Central's position regarding Santee Cooper's current ownership interest in Summer 2 and 3. On Friday October 8th, 2010, Central met with SCE&G officials and Lonnie Carter and Bill McCall representing Santee Cooper to discuss progress toward reducing Santee Cooper's share of Units 2 and 3 to 10% or less, either through a PPA with option to purchase or a sale of capacity. Central called this meeting to obtain a better understanding of the possible roadblocks to the PPA or sale and to encourage the transfer to move forward as quickly as possible. Central informed Santee Cooper by letter dated April 13, 2010, that it believed that as a result of no load growth on the system and a portion of Central's load leaving Santee Cooper beginning in 2013, Santee Cooper should move as expeditiously as possible to securing purchasers for that portion of the nuclear plant which was not needed. Our concerns have been expressed at many times after the letter, culminating in the meeting on Oct 8th.

In the October 8 meeting, Central confirmed its belief that the nuclear expansion should continue, but the current 45% share to which Santee Cooper is committed must be changed, preferably to 10% or less. The balance of the Santee Cooper share should be made available to regional utilities. Central made it clear that it would not support the nuclear going forward if the 45% remains unchanged. This is in spite of the fact that Santee Cooper has already spent in excess of \$600 million and is spending approximately \$1 million daily. It is better to take the loss of the current investment rather than accept in excess of \$5 billion in debt for units which are not needed at the time they are currently scheduled. Central advised that our board needed some assurances from SCE&G and Santee Cooper that best efforts were being employed to move forward with the sale or PPA.

Kevin Marsh, on behalf of SCE&G, confirmed that SCE&G stands ready to approve the sale to any qualified utility and that Duke and Progress, if interested, would be qualified purchasers. Kevin offered his personal assurances that SCE&G would not put up any road blocks to the sale or PPA and further offered to make an appearance before our board to explain, to the extent permitted by SEC regulations, where things stood. Discussion was had about certain agreements between SCE&G and Santee Cooper and that SCE&G thought that these agreements would be available for inspection by prospective purchasers.

O. L. Thompson
October 18, 2010
Page 2

Lonnie Carter stated that the sale negotiations are moving forward and that the documentation can be shared, although the timing for that will be dependent on the seriousness of the prospective purchasers.

Central desires to have assurances that the excess capacity has been spoken for by the end of the year. We understand that the actual sale or PPA will not take place for some time, but we are looking to have commitments in the form of letters of intent, if possible. Central has offered to do whatever it can to facilitate the transfer. SCE&G said there was nothing it knew that Central could do at this time, but that it would let us know. Central is asking the same of Santee Cooper. What can we do to help bring prospective purchasers to the table?

As you know, South Carolina's electric cooperatives have served a pivotal role in making nuclear investment in this state possible by supporting the base load review act and helping put together a coalition to pass it. We remain convinced that the Summer nuclear site is a superior location for nuclear expansion. We have had contact with utilities who have expressed a desire to share in the Summer 2 and 3 expansions, so we are confident that a transfer of a portion of the capacity is possible. Central has offered to fund the nuclear expansion if a purchase power agreement is needed for a year or two to accommodate the needs of prospective purchasers. This transitional financing would not endanger the licensing process and would allow a prospective purchaser to take under a purchase power agreement while it obtained regulatory approvals. We don't underestimate the value of new nuclear in South Carolina, and we are willing to support it by any reasonable efforts. However, because our membership will be responsible for 60-70% of the Santee Cooper cost of the plants, it is essential that we not hold on to more nuclear than is needed...or than we can afford.

To this point we have been assured by Santee Cooper management that everything that can be done to sell the excess capacity is being done. We have asked to be kept fully in the loop so that our board can be better positioned to make a decision about its course of action in January of 2011. It would be helpful to be included in the current talks regarding the sale or PPA and, beginning immediately, to have a weekly update regarding the progress being made. Please let us know if there is anything that Central can do to assist.

Central would also like to request that a meeting of the Executive Committee of the Coordination Agreement be scheduled as soon as possible to discuss this matter.

Sincerely,



Ronald J. Calcaterra
President and Chief Executive Officer