

Santee Cooper Responses to Legislative Committee Questions March 2, 2020

Senior Leadership, Diversity and 2020 Reorganization

Santee Cooper Workforce

Santee Cooper’s workforce has grown by just 1% over the past 20 years, a period during which its generating capacity, miles of transmission and distribution, and number of retail customers each increased significantly. Here is a quick summary:

Headcount vs System Growth

	1999	2004	2009	2014	2019	20-Year Growth
Total Headcount	1,616	1,734	1,842	1,743	1,634	1%
Generating Capacity (MW)	3,518	4,482	5,769	5,182	5,110	45%
Miles of Transmission	4,219	4,432	4,924	4,992	5,126	21%
Miles of Distribution	2,064	2,334	2,726	2,806	2,993	45%
Number of Retail Customers	124,647	143,081	165,434	171,500	189,177	52%

Since 2017, Santee Cooper has reduced budgeted headcount by 10%, with an employee cap of 1,675, eliminating \$18 million annually in personnel costs. By 2028, with the closure of the coal-powered Winyah generating plant, an additional 161 positions will be eliminated, reducing personnel costs by \$43 million per year from 2017 levels. There has been a 30% overall reduction in executive senior leadership personnel, with a specific reduction of vice president positions from 22 to 14.

Santee Cooper proactively benchmarks staffing with industry best practices. In 2018, Santee Cooper hired a third-party consulting group, with no prior history with Santee Cooper, to benchmark Santee Cooper staff levels with other electric power utilities of comparable size, scope of services, generation mix and customer mix. The results showed:

- “Santee Cooper landed in 1st or 2nd Quartile in 66% of (12 out of 18) benchmark areas.”
- “We find that the core operations are quite strong and that this is a well-run organization.”
- “A company with a very strong family and community culture which is reflected in the high level of engagement of staff and commitment to weather the challenges it currently faces.”

- “We find diversity, including the leadership quality of women in technology leadership roles.”
- “We find laser focus on Santee Cooper’s broad mission and customer outcomes.”

In conjunction with the process of evaluating potential bidders for Santee Cooper, the South Carolina Department of Administration hired Black & Veatch to perform an Independent Technical and Environmental Assessment of Santee Cooper. Some observations from its October 25, 2019 analysis:

- “Santee Cooper’s six primary executive leaders each have substantial experience working in the industry; they share a combined 163 years of utility experience and three of the executive leaders have held multiple other positions within the organization prior to being promoted into their current role.”
- “Santee Cooper’s overall reporting structure appears typical and in-line with Black & Veatch’s expectations for a public utility of this nature. Most key functional responsibilities are divided amongst the executive leadership in a manner that is consistent with Black & Veatch’s understanding of the utility’s business operations.”
- “Each [Santee Cooper] facility has been well staffed with appropriate level of personnel with the right knowledge and skill sets to provide effective and reliable operations of the facilities.”
- “Santee Cooper’s key safety metrics are similar to or better than averages for similar utilities, indicating that Santee Cooper’s safety programs appear to be having a real and meaningful impact on the overall health and safety of the Santee Cooper employees.”

A comparison of the 10 largest Public Power utilities by Net Generation (per the 2019 American Public Power Association 2019 Statistical Report) shows:

- Santee Cooper has the 2nd fewest number of employees per Net MWh Sales
- Santee Cooper has the 2nd fewest number of employees per Net MWh Generation
- Only one (MEAG Power) has a smaller executive management team than Santee Cooper

2020 Reorganization

The 2020 Santee Cooper Management Reorganization includes an organizational chart comprised of a C-Staff of 7 executives (including the CEO) and their direct reports for a total of 42 positions.

- The demographic breakdown of the individuals holding these positions is 62% white male, 19% white female, and 19% non-white.
- For comparison purposes, Santee Cooper’s previous management organizational chart from 2017 was comprised of an executive leadership team of 8 executives (including the CEO) and 15 additional senior leadership positions with the title of Vice President. All told there were 37 direct reports to the 8 executives (including all Vice Presidents and other direct reports.) The demographic breakdown of these 45 individuals was 73% white male, 16% white female, and 11% non-white.
- In conjunction with this reorganization, Santee Cooper is eliminating the “vice president” title. In addition to the 6 executives reporting to the CEO, Santee Cooper will still maintain managerial positions in strategically important areas such as:
 - Financial & System Planning

- Transmission Operations and Customer Service
- Environmental and Water System Management
- Technology Services (includes cybersecurity & corporate innovation)
- Real Estate and Camp Hall Development
- Corporate Controller
- Power System Engineering & Control
- Research & Development
- VCSNS 2&3 Site and Equipment Maintenance

Diversity

The South Carolina Human Affairs Commission provides an Annual Report to the General Assembly which examines the progress state government has made towards achieving the goal of Equal Employment Opportunity. In the latest Report dated February 1, 2020, Santee Cooper received a #2 overall ranking based on the percentage level of goal attainment (99.6%). Further analysis of those results shows Santee Cooper as the top performer among large agencies with at least 1,000 employees. Santee Cooper had 100% goal attainment for the executive, professional and technician EEO categories.

In the latest Diversity Benchmarking Data provided by the Center for Energy Workforce Development (CEWD), Santee Cooper demographics are very consistent with the benchmark data. However, Santee Cooper's African-American workforce is approximately double that of the benchmark participants (18% vs 9%).

While Santee Cooper is proud of our record on diversity and inclusion, we know there are opportunities to continue to grow and improve. In late 2019, Santee Cooper reached out to and received a proposal from Juan Johnson of Diversity Leadership in Action to design and provide a leadership development program at Santee Cooper focused on equity, diversity and inclusion. Many of you will recognize Mr. Johnson as the designer and facilitator of the Diversity Leaders Initiative provided through the Riley Institute at Furman University. It is our plan to work with Mr. Johnson to implement program in 2020.

Description of the Central Coordination Agreement opt-out provision as clarification

Provisions concerning the construction of future generation resources are contained in Article IV of the Coordination Agreement. This article sets forth the circumstances and procedures by which Santee Cooper and Central Electric Cooperative jointly consider adding a new major resource to the system (Proposed Shared Resource). In order to provide resource flexibility to Central, Article IV gives the Central Board the right to "opt in" or "opt out" of a Proposed Shared Resource.

If Central chooses to exercise its "opt-out" right through this process, the right applies only to the load ratio share of the Proposed Shared Resource (size and timing) and not the full Central load. As seen in the table below, Central's percentage contribution varies with respect to demand, energy, and revenues. For the purposes of calculating load ratio share of the Proposed Shared Resources, the demand percentage (~70%), which can change over time, would be utilized.

	2015	2016	2017	2018	2019 ⁽¹⁾	5 year average (2015 - 2019 ⁽¹⁾)
Central % share of system Demand	71.53%	70.83%	69.69%	69.02%	67.72%	69.76%
Central % share of system Energy	69.61%	69.91%	70.23%	70.28%	70.24%	70.05%
Central % share of system Revenue	57.15%	58.55%	58.68%	58.22%	58.01%	58.12%

⁽¹⁾ Preliminary pending final audit

There are multiple forms of Central’s opt-out, but effectively Central would become responsible for serving its load ratio share of the Proposed Shared Resource. For example, if a 100 MW Shared Resource is proposed, Central would have the ability to “opt-in” and participate in the proposed 100 MW resource and pay its load ratio share of that resource through the existing Cost of Service Formula, participate in the Proposed Resources by supplying its own capital for the load ratio share, or “opt-out” and become responsible for serving ~70 MW of load with its own resource. If Central brings its own resource to the Combined System, the resource would be dispatched through a joint dispatch arrangement. In the final analysis, the full load is served.

Santee Cooper-Central Reform Plan Negotiation Dates

Additional details of these negotiations can be found in the attachment, Matrix Summary of Central Proposals. Here are the dates of Act 95 in-person or phone communications, which included Santee Cooper, Central, DOA, Moelis, Gibson Dunn and E3:

- Dec. 3 – Columbia
- Dec. 17 – Columbia
- Dec. 20 – conference call
- Dec. 23 – conference call with DOA
- Jan. 22 - conference call to clarify components of the Resource Plan (not for negotiations)

We also exchanged proposals related to the Reform Plan on these dates:

- Dec. 4
- Dec. 6
- Dec. 19
- Dec. 23
- Jan. 2

Implications for Central if Santee Cooper Joins an RTO

Santee Cooper is a founding member of The Energy Authority (TEA) in Jacksonville, FL. TEA is an affiliate member of PJM – that gives us access to the PJM market and we have used that access to purchase when that is an economic option.

The Coordination Agreement explicitly addresses this issue with a requirement that “the Parties shall reasonably cooperate with each other to avoid adverse impacts associated with any such transition and shall... negotiate in good faith to determine whether an amendment to this

Coordination Agreement is appropriate to place the Parties in the same relative economic position each would occupy but for becoming subject to the authority of the ISO, RTO, ..." This would not change Central's "opt out" rights.

For the past several years, Santee Cooper has aggressively purchased from the market based on economics and is now purchasing almost 20% of its energy from the market. This has resulted in approximately \$50 million of savings per year for our customers.

Wholesale Prices

Santee Cooper's actual charges have been 14% lower than projections prior to the Coordination Agreement amendment, which equals \$180 million per year in savings.

2013 Budget vs Actual Historical Charges

2013 Budget	2013	2014	2015	2016	2017	2018	2019
Sales (GWh)	16,268	15,914	15,507	15,104	14,713	14,313	14,185
Revenues (million)	1,190	1,230	1,247	1,294	1,301	1,265	1,292
\$/MWh	73.1	77.3	80.4	85.7	88.4	88.4	91.1
Actual Charges	2013	2014	2015	2016	2017	2018	2019
Sales (GWh)	15,178	15,512	14,777	14,607	13,961	14,521	14,166
Revenues (million)	1,038	1,120	1,071	1,024	1,016	1,039	991
\$/MWh	68.4	72.2	72.5	70.1	72.8	71.5	70.0
Difference (\$/MWh)	-4.7	-5.0	-7.9	-15.6	-15.6	-16.8	-21.1
Difference (%)	-6%	-7%	-10%	-18%	-18%	-19%	-23%

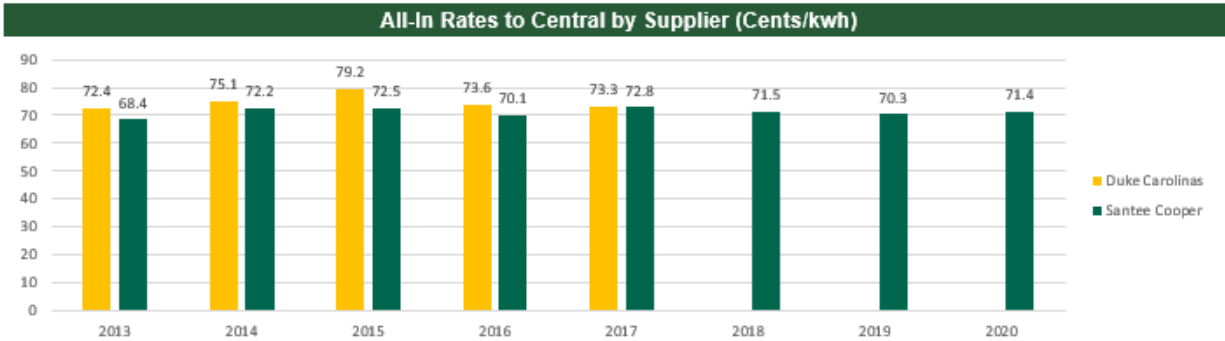
2013 Budget vs Reform Plan Future Charges

Projected charges are 26% lower than projections prior to the Coordination Agreement amendment, which equals \$360 million per year in savings.

2013 Budget	2020	2021	2022
Sales (GWh)	14,406	14,609	14,831
Revenues (million)	1,360	1,406	1,400
\$/MWh	94.4	96.3	94.4
2020 Reform Plan	2020	2021	2022
Sales (GWh)	14,597	14,761	14,888
Revenues (million)	1,042	1,047	1,035
\$/MWh	71.4	70.9	69.5
Difference (\$/MWh)	-23.0	-25.3	-24.9
Difference (%)	-24%	-26%	-26%

Annual Pricing to Central

Santee Cooper's pricing to Central has been stable and competitive and is projected to remain stable.



Note: includes transmission costs – Santee Cooper from actual Central Cost of Service, Duke Carolinas estimated from posted Open Access Transmission Tariffs for Duke Carolinas and Santee Cooper. The 2020 figure is a Reform Plan projection.

Executive Retirement Benefit Plans and Details

In February 2006, the Santee Cooper Board of Directors voted unanimously to establish the Santee Cooper Executive Retention Defined Benefit Plan and the Santee Cooper Defined Contribution Plan. In February 2018, the Santee Cooper Board of Directors voted unanimously to close both the Santee Cooper Executive Retention Defined Benefit Plan and the Santee Cooper Defined Contribution Plan to new participants.

The stated purpose of these plans was to promote the attraction and retention of managerial talent. Santee Cooper's total benefits paid in these two plans in 2020 will represent less than two-tenths of one percent of our operating budget. A summary of the plans follows, and details are attached.

Defined Benefit Plan

- There are a total of 58 participants in the Defined Benefit Plan, 38 retirees who are drawing benefits and 20 employees who are not yet drawing benefits.
- The supplemental pension benefits for the 38 retirees total about \$154,000 a month. The total benefits paid to the 38 retirees include approximately \$57,000/month from a qualified trust established and funded by Santee Cooper, and approximately \$97,000/month in non-qualified benefits paid directly from Santee Cooper assets.
- There are 20 current employee participants in the defined benefit plan. These benefit levels range from 10% to 20% of their highest annual compensation for a period of 15 years following retirement.
- Based on actuarial study, Santee Cooper was not required to make any contributions to the qualified trust in 2019 and is not required to make any contributions in 2020.
- Three new participants were added to the plan in 2016 and one new participant was added in 2017. No participants were added in 2018.

Defined Contribution Plan

- There are 5 employees participating in the Defined Contribution Plan. This plan calls for Santee Cooper to contribute 6% of participants' base salary into their respective accounts. Based on current projections, the Santee Cooper total contribution to the Defined Contribution Plan in 2020 will be approximately \$92,000 (NOT per participant, but total for the five).
- One new participant was added to the plan in 2016. No participants were added in 2017 or 2018.

Please see these attachments for additional details:

- Board Minutes Establishing Exec Retirement Plans
- Board Minutes Closing Exec Retirement Plans
- DB Current Employees
- DB Retirees

Lonnie Carter Retirement Information

- As a member of the South Carolina State Retirement System (SCRS), Mr. Carter was eligible to receive a monthly pension upon his retirement. This benefit is personal information between Mr. Carter and PEBA and based on specific elections he made, but our estimate is that his monthly benefit from the SCRS is between \$27,000 and \$31,000.
- As a vested member of the Santee Cooper Executive Defined Benefit Plan, he was eligible to receive a monthly pension upon his retirement. The Santee Cooper Board of Directors established Mr. Carter's benefit level at 51% of his highest annual compensation (includes base salary of \$540,000 plus incentive payment of \$330,000) for 20 years. His monthly benefit is approximately \$37,000, ending in 2038.
- His total annual benefit from these two plans is approximately \$792,000 (again, the SCRS benefit is our estimate).
- Santee Cooper's cumulative contributions to his Defined Contribution Plan totaled \$525,000 over 12 years.

Legal fees for indemnified employees and former employees

In 1990, Santee Cooper's Board approved a resolution authorizing the indemnification of current and former employees, officers and directors who become involved in civil or criminal proceedings as a result of carrying out work responsibilities (the Indemnity Resolution). The Indemnity Resolution describes the standard of conduct required and creates a process to be followed. To be eligible for indemnification, an individual must have (1) conducted himself in good faith and (2) reasonably believed that his conduct was in Santee Cooper's best interest. In a criminal proceeding, there is an additional requirement that the individual had no reason to believe his conduct was unlawful. Santee Cooper will pay for or reimburse reasonable expenses if the individual furnishes a written affirmation of his good faith belief that he meets the standards of conduct and agrees to repay the advance if it is later determined he did not meet the standard of conduct.

The indemnification procedure requires that the Board determine for each individual that the standard of conduct has been met. The board may choose to have that determination made by

special counsel. In November 2017, in connection with allegations related to VC Summer 2 and 3, the Santee Cooper Board appointed a special counsel to determine whether indemnification of the officers and directors named was permissible in accordance with the Indemnity Resolution. The special counsel conducted an inquiry, including interviewing all of the individuals concerned. He issued a report in December 2017 finding that the individuals' conduct met the standard in the Indemnity Resolution and that there were no facts that would preclude indemnification under the Indemnity Resolution. There have been no allegations of criminal wrongdoing against any Santee Cooper employee or the company itself, and we have no indication that any of these employees (and now, former employees) are involved in any criminal investigation other than as witnesses.

July 2017 through Jan. 31, 2020:

Attorney or Firm	Indemnatee	Amount
Greg Harris	Lonnie Carter	\$584,780.52
Joe Griffith	Michael Crosby	\$404,245.69
Beattie Ashmore	Marion Cherry	\$374,677.68
Jerry Theos	Mike Baxley	\$248,987.96
Christopher Adams	Steve Pelcher	\$91,484.70
Pope Parker Jenkins	Jack Wolf	\$25,496.55
Gibson Dunn	Dan Ray	\$23,514.71
TOTAL		\$1,753,187.81

Fair Market vs. Book Value of Surplus Property and Infrastructure Improvements

Below we show a comparison of Book Value and Fair Market Value for Santee Cooper real property and major utility infrastructure. Santee Cooper also brings value to the State in a number of other ways, including as an employer, consumer and driver of tourism and economic development.

Utility Infrastructure:

Replacement Costs for Key Santee Cooper Assets

Asset	Net Book Value	Replacement Cost
Transmission	\$825	\$5,452 ¹
Distribution	\$403	\$983 ²
VCSI - 30% Stake (322 MW)	\$240	\$4,830 ³
Rainey (1,150 MW)	\$244	\$805 ⁴

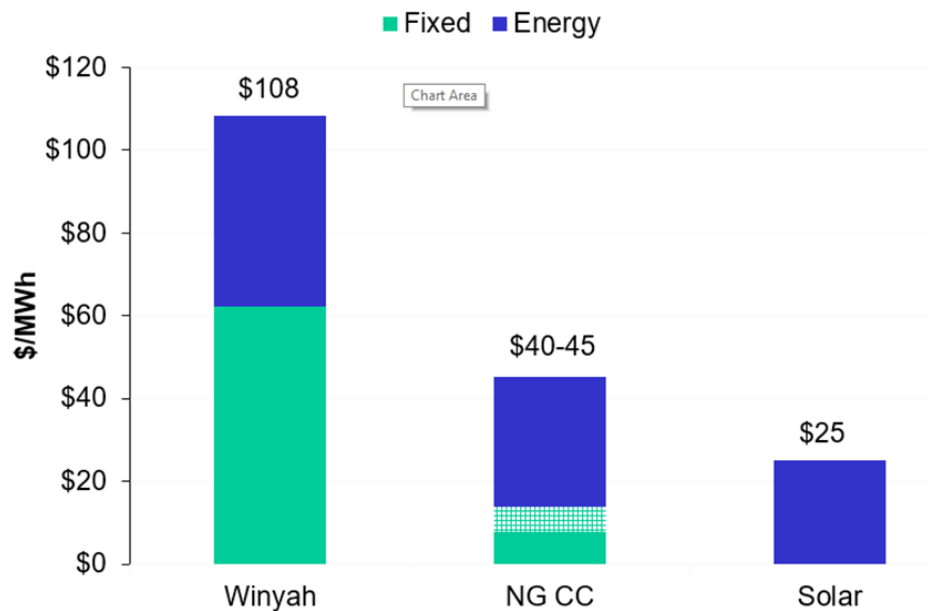
Note: Net book values based on most recently available data. All figures shown in USD millions. 1) Includes substations, transformers, transmission miles, and labor required to install the system. 2) Includes conductors (overhead & underground), poles, line transformers, outdoor lighting, meters, delivery point substations, and labor required to install the system. 3) Replacement value for VCSI would be ~\$15,000/kW (based on Vogtle precedent). 4) New CCGT resource is being built at \$700/kW based upon the Reform Plan.

Other Real Property:

- Santee Cooper has approximately 198,100 acres of property that is not directly tied to the production, transmission or distribution of power or water, with an approximate fair market value of \$246 million. This property has a book value of \$60 million. Further detail:
 - 12,000 acres in three categories – (1) surplus (including Camp Hall and other economic development property), (2) held for future utility use and (3) miscellaneous operations (office complexes, recreational sites and parks).
 - FMV ~ \$183 million. This does not include significant investment in equipment and computer systems for the office and energy control center.
 - 179,000 acres associated with the FERC Project, including acreage in Lakes Marion and Moultrie (160,000 acres below the high-water mark).
 - FMV ~ 23 million. (Current book value on the Project lands is \$4.4 million.)
 - 7,100 acres of property adjacent to the FERC Project Boundary that Santee Cooper does not consider surplus.
 - FMV ~ 22 million.
 - There is also an approximate \$18 million fair market value, including future carbon credit value, for 16,000 acres of swamp.
- These fair market values are rough estimates. A full market valuation has not been conducted.

Winyah Operating Costs compared to Solar

These are the all-in cost of resources. The Winyah projections are for 2026. The natural gas combined cycle (NGCC) and solar projections are for 2027.

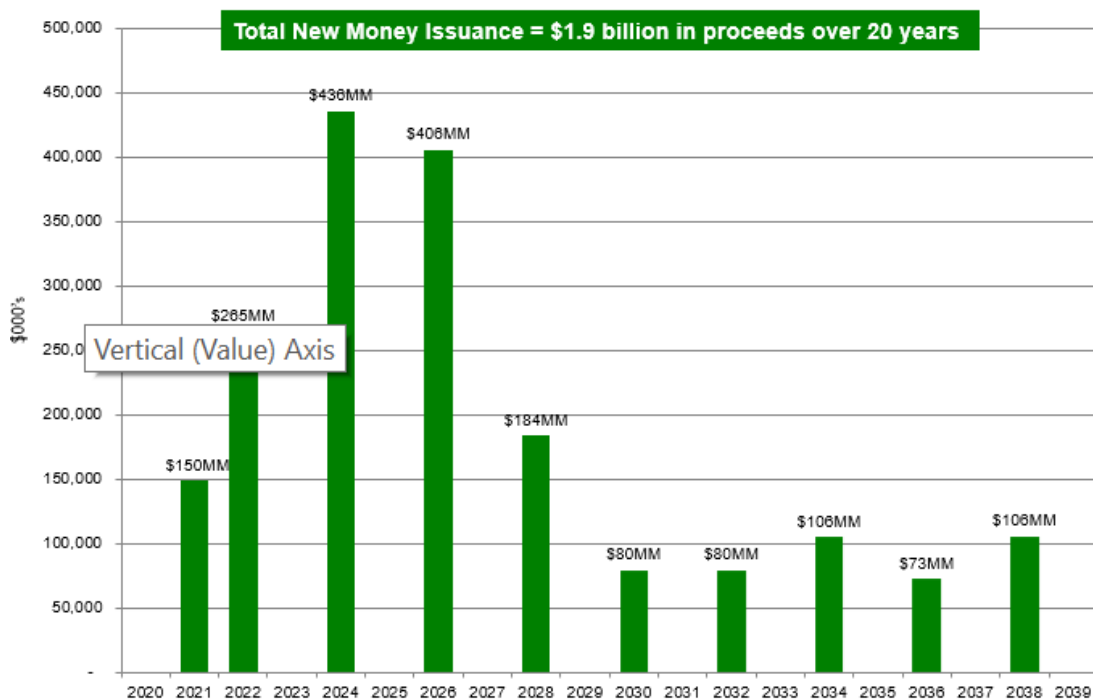


The Winyah units were designed and constructed to be operated as base load units with a high capacity factor but have been operating as peaking units providing reliability support to the surrounding area. The low capacity factor combined with high fixed costs drive Winyah’s high overall cost on an all-in \$/MWh basis.

Winyah generation provides significant support to the Myrtle Beach area and retirements of units at the Winyah station requires transmission upgrades in the area, or the replacement of generation resources in the area. Specifically, additional 230 kV support into the Myrtle Beach area is needed from the North and West. One of the major projects identified as being needed to support the area under this scenario is the construction of a 230 kV line from Marion to Conway. This line is approximately 34 miles long, crosses the Little Pee Dee River, and traverses several other swampy areas. Planning, permitting, and construction of this line is expected to take approximately 4-5 years. Because of this, and the significant cost savings associated with the retirement of Winyah, Santee Cooper decided to include strategically located generation in the Conway area, which can be implemented approximately 2 years earlier than the transmission construction, allowing for the retirement of 2 of the Winyah units sooner. The second 2 Winyah units can then be retired after the new transmission facilities are completed and the Pee Dee unit is in-service.

New Debt by Year and Rate Covenant Details

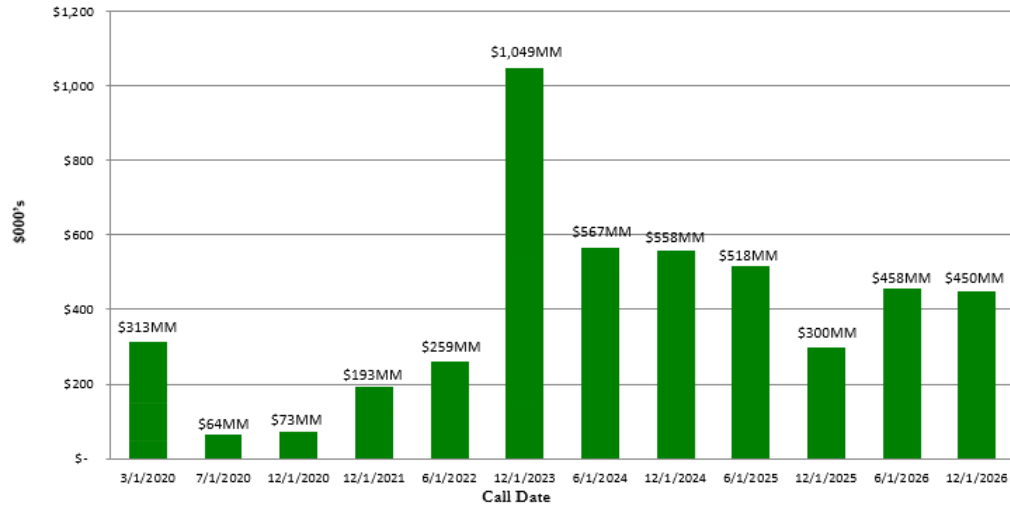
Reform Plan: New Money¹



- (1) Proceeds used for capital expenditures related to natural gas generation (~\$574MM), battery storage (~\$90MM), environmental compliance (~\$340MM), transmission (~\$800MM) and FERC relicensing (~\$80MM)

Callable Debt Summary

Santee Cooper's debt includes \$4.8 billion of tax-exempt debt, callable at various dates



Monthly Bill Comparison

Santee Cooper customers have lower monthly bills than customers of the investor-owned utilities operating in South Carolina. Here is a breakdown from late 2019, based on the 12 months prior.

- Typical residential monthly bill (1,000 kWh/month)
 - Santee Cooper: \$113.33
 - Dominion Energy SC: \$124.57
 - Duke Energy Progress: \$126.29
 - Duke Energy Carolinas: \$120.88
- IOU average: \$123.91
- Difference between SC and IOU avg: 9%

Santee Cooper customers' monthly bills will continue to drop. We project the typical residential bill will be \$111.75 in 2020, \$111.52 in 2021, \$110.49 in 2022 and in 2023, \$110.38.

How the Reform Plan Addresses Certain Concerns

Preventing Recurrence of another VC Summer – How does the Reform Plan guard against a situation similar to VC Summer in the future?

- The entire reform plan is focused on preventing another V.C. Summer-type decision. The specific safeguards discussed below include additional regulatory oversight, more public engagement, greater transparency at multiple levels, the enactment of and statutory requirement to follow key pricing and resource planning fundamentals, state verification of compliance with those fundamentals, a more modular and innovative generation plan, and new leadership all combine to set a different course for Santee Cooper going forward.

Fair Treatment of Central Electric Cooperative – How does the Reform Plan improve Santee Cooper's responsiveness to the business and operations needs of Central Electric Power Cooperative?

- To improve the relationship, Santee Cooper has made several proposals within the reform plan. First, new leadership has reorganized the Santee Cooper business units administering the Coordination Agreement, and completely changed personnel designated to interact with Central going forward (page 67). Additionally, Santee Cooper has offered to unilaterally amend the Coordination Agreement to reduce its term by five years with a potential to reduce by five more (page 71); remove any caps associated with distributed energy resources (page 72); improve general communications and specifically joint energy risk management between the companies (page 74); and, modify system loads to reduce rates to Central (page 69). Further, because litigation between our companies is counterproductive for all, Santee Cooper has worked diligently and successfully with Central attorneys to settle the Cook litigation and amicably end over two years of protracted legal wrangling. For improved relations between Central and Santee Cooper going forward, Santee Cooper proposes and agrees that both Santee Cooper, Central and the states' cooperatives be placed under the authority of the Public Service Commission to the same extent, to provide uniformity of conduct and immediate regulatory redress in the event of future disputes. For example, for the benefit of the entire state of South Carolina, we recommend joint development and submission, by Santee Cooper and Central, of the Integrated Resource Plan.

Generation Siting Decisions – How does the Reform Plan improve public input into Santee Cooper's decisions on siting future resources?

- The reform plan (page 57) sets forth a new approach to siting future generation and transmission facilities that aligns Santee Cooper with requirements of the Public Service Commission for investor-owned utilities. This approach includes required public hearings considering the need, location, potential environmental impacts, conformity with state and local laws, and project costs. Notice of proceedings would also be provided to the ORS, which has standing to intervene in the process. Ultimately, if the ORS expresses

concerns about the proposed project, the matter is referred to the PSC for ultimate decision.

Public Engagement in Generation Resource Planning – How does the Reform Plan improve public input in Santee Cooper’s generation resource planning process.

- The reform plan (page 56) creates a diverse stakeholder group, including General Assembly representation, for the pivotal process of integrated resource planning. This group would be created by statute and empowered to ensure appropriate decisions going forward to guide decision-making for future generation planning. This group would include representation from the electric cooperatives; residential, commercial and industrial customers; municipal wholesale customers; the environmental and economic development communities; customers living below federal poverty guidelines; and a public member with significant utility background to serve as chair. At least every other year, this group will issue a public report on Santee Cooper’s compliance with Resource Planning Principles.

Board-Management Relationship – How can the Santee Cooper Board of Directors better receive professional, independent advice?

- The reform plan (page 58) requires the Board to retain nationally recognized independent technical advisors for (1) resource planning, (2) customer pricing, and (3) finance. These technical advisors will not answer to management and will require Board compliance with industry best practices in exercising its regulatory function.

Generation Resource Planning Decisions – How does the Reform Plan improve Santee Cooper’s ability to make appropriate key decisions on future energy resources?

- The reform plan (page 55) reorganizes Santee Cooper’s personnel to emphasize and expand skill sets in integrated resource planning. It institutes a formal integrated resource planning process. It also establishes a set of key fundamentals to guide decision-making for future generation planning, with adherence to these fundamentals going forward being reviewed by the PSC upon application for new generation construction and annual compliance monitored by ORS. Fundamentals include customer focus, cost management, ensuring reliability, environmental stewardship, long term optionality, modularity and financial risk reduction, innovation, and transparency. These key fundamentals, known as “Resource Planning Principles,” were adopted by the Santee Cooper Board on November 21, 2019. To be clear, the adoption of capacity dramatically in excess of need would be violative of the Principles.

Customer Pricing – How does the Reform Plan better protect customers in rate and pricing decisions by the Santee Cooper Board?

- The reform plan (page 57) adopts a set of Pricing Principles and metrics to guide all pricing decisions, with a proposed annual compliance review by ORS. These principles include a limitation of any price increases to the amount of inflation (rolling system-average basis), assurance of equity between customer classes, providing customers with

demand-side information and rewarding efficiency, company financial adequacy going forward, notice of rate proceedings and a meaningful opportunity for stakeholders to engage, providing relief mechanisms for financially distressed customers, and complete transparency in review of adherence to Pricing Principles. These Pricing Principles were adopted by the Santee Cooper Board on November 21, 2019. To be clear, the addition of capacity that would drive prices higher than the inflation goal would be violative of these Principles.

Board Transparency – How can Santee Cooper be more transparent in the Board decision-making process?

- The reform plan (page 59), in addition to continuing compliance with FOIA, proposes codifying livestreaming and archiving of all Board meetings and making Board agendas and materials publicly available, without the necessity of making a request, via the Santee Cooper website. The reform plan further recommends codifying Santee Cooper’s rate-making process to guarantee greater customer and stakeholder participation (page 58), a more robust resource planning process with specific public participation (page 56), and a public hearing process with ORS and PSC engagement for approval of new major facilities (page 57).

Accountability – How does the Reform Plan improve oversight of Santee Cooper?

- In addition to measures already discussed in this document, the general counsel of Santee Cooper has confirmed to Gibson Dunn that Santee Cooper would submit an annual report to the Governor, the President of the Senate, and the Speaker of the House detailing its progress implementing the Reform Plan.