



Santee Cooper

VC Summer Nuclear Project Review Committee

South Carolina Senate

October 11, 2017

Mission

To be the state's leading resource for improving the quality of life for the people of South Carolina

- Jefferies Hydro, 1942



Board of Directors



W. Leighton Lord III, Chairman - Columbia

William A. Finn, 1st Vice Chair – 1st Congressional District (Mount Pleasant)

Barry D. Wynn, 2nd Vice Chair – 4th Congressional District (Spartanburg)

Kristofer Clark – 3rd Congressional District (Easley)

Merrell W. Floyd – 7th Congressional District (Conway)

J. Calhoun Land IV – 6th Congressional District (Manning)

Stephen H. Mudge – At Large (Clemson)

Peggy H. Pinnell – Berkeley County (Moncks Corner)

Dan J. Ray – Georgetown County (Pawleys Island)

David F. Singleton – Horry County (Myrtle Beach)

Jack F. Wolfe Jr. – 2nd Congressional District (Chapin)

Vacancy – 5th Congressional District

Executive Management

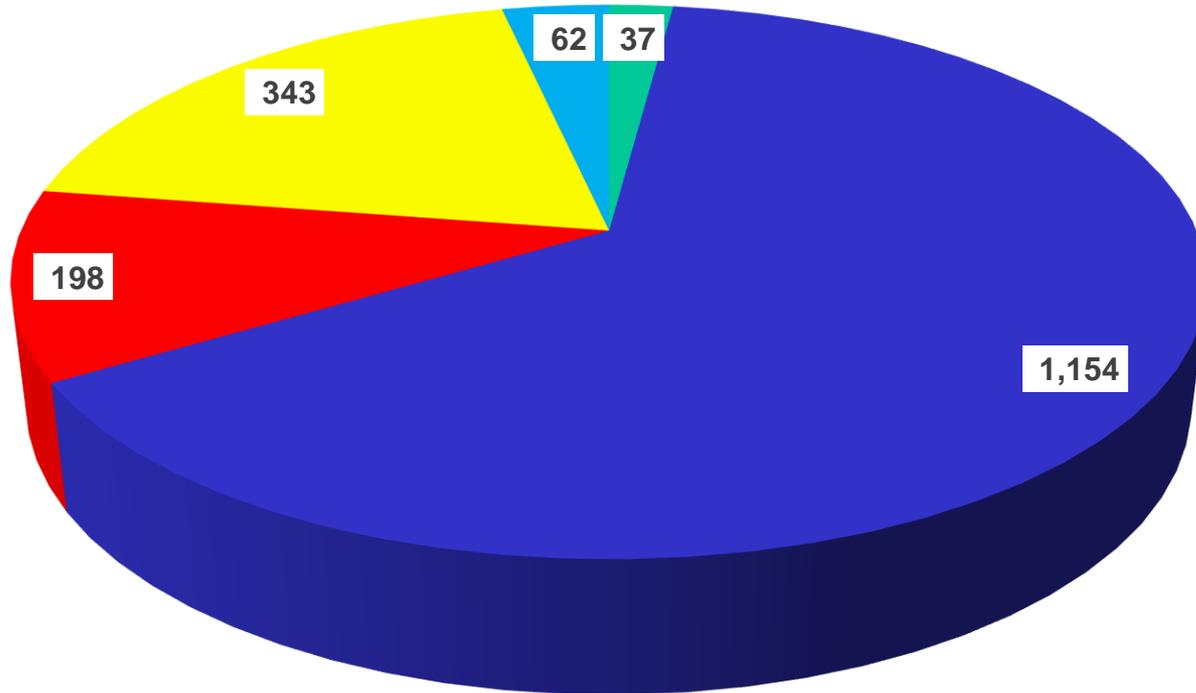


<u>Name</u>	<u>Utility Experience</u>
• Lonnie Carter - President & CEO	35 years
• Marc Tye - Executive Vice President, Competitive Markets and Generation	35 years
• Jeff Armfield - Senior Vice President & CFO	34 years
• Michael Baxley - Senior Vice President & General Counsel	3 years
• Michael Crosby - Senior Vice President, Nuclear Energy	32 years
• Arnold Singleton - Senior Vice President, Power Delivery	25 years
• Pamela Williams - Senior Vice President, Corporate Services	16 years
• Dominick Maddalone - Senior Vice President, Information Systems & CIO	1 year

Employee Data

Santee Cooper Employee Work Locations By County and Payroll Impact

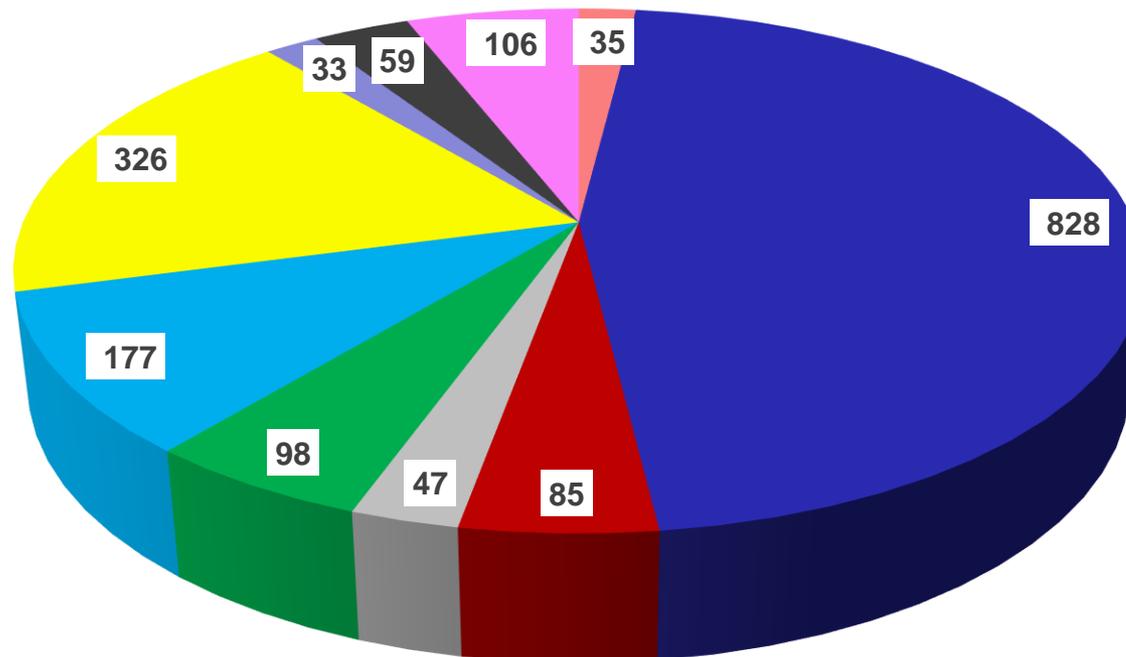
■ Anderson (\$2.7M) ■ Berkeley (\$89.5M) ■ Georgetown (\$13M) ■ Horry (\$24M) ■ Other (\$4.8M)



17 Counties Represented

Santee Cooper Employee Home Address By County and Payroll Impact

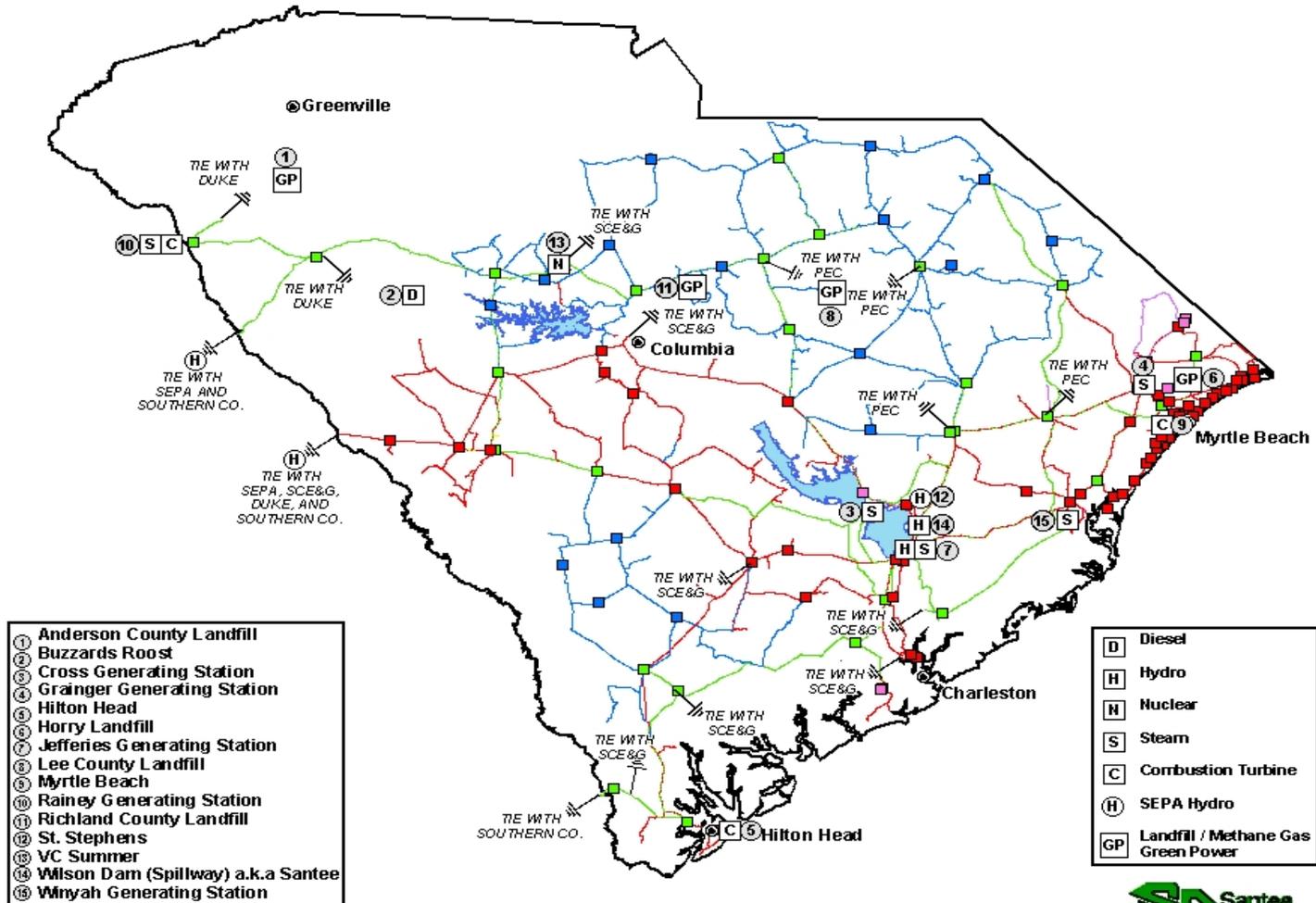
- Anderson (\$2.6M)
- Berkeley (\$62.1M)
- Charleston (\$9.6M)
- Clarendon (\$2.6M)
- Dorchester (\$8.2M)
- Georgetown (\$12.2M)
- Horry (\$22.9M)
- Orangeburg (\$2.3M)
- Williamsburg (\$3.6M)
- Other (\$7.9M)



36 Counties Represented

Operational Overview

Statewide Transmission System

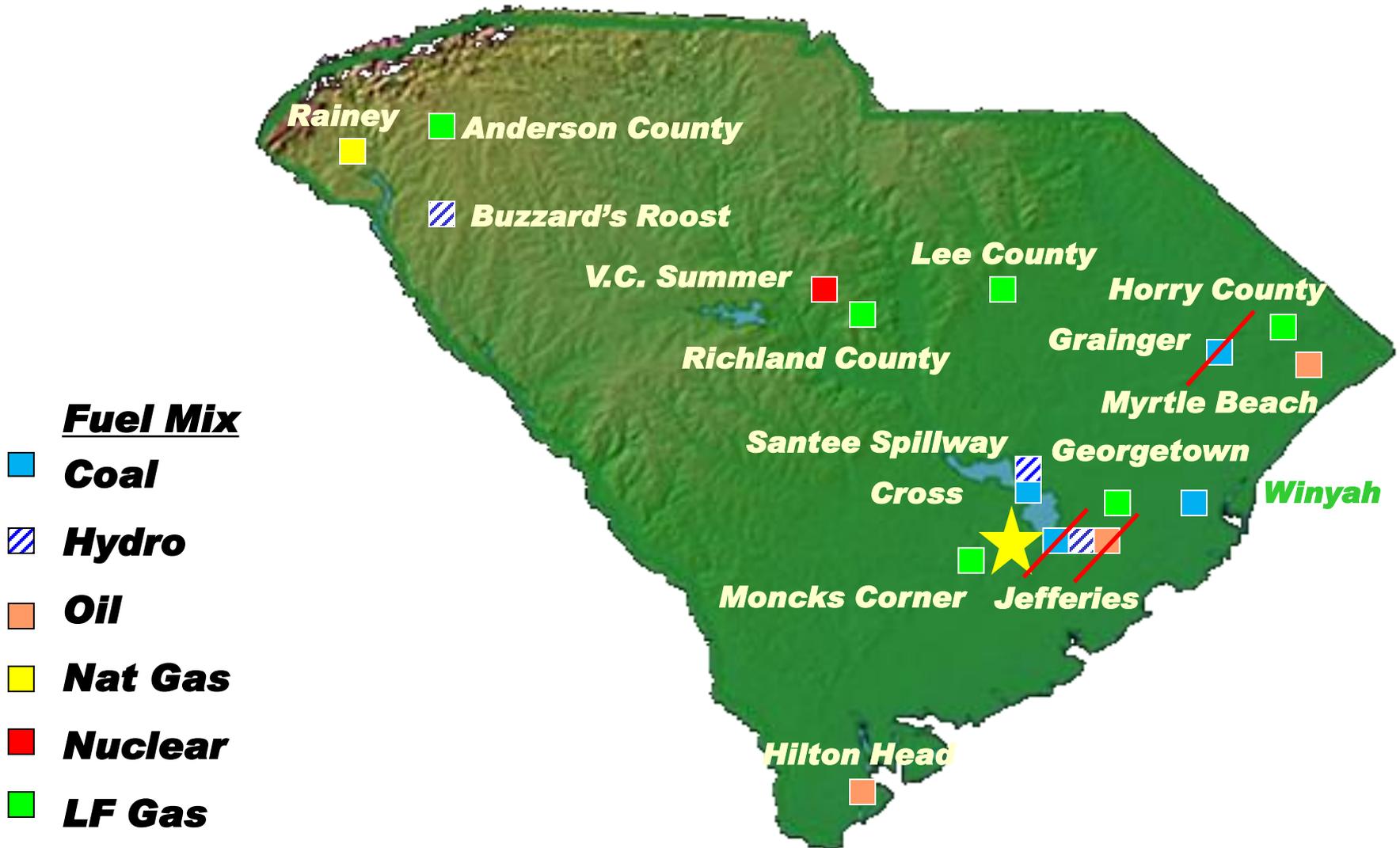


- D Diesel
- H Hydro
- N Nuclear
- S Steam
- C Combustion Turbine
- H SEPA Hydro
- GP Landfill / Methane Gas Green Power

GENERATING STATIONS AND TRANSMISSIONS LINES



Generating Stations

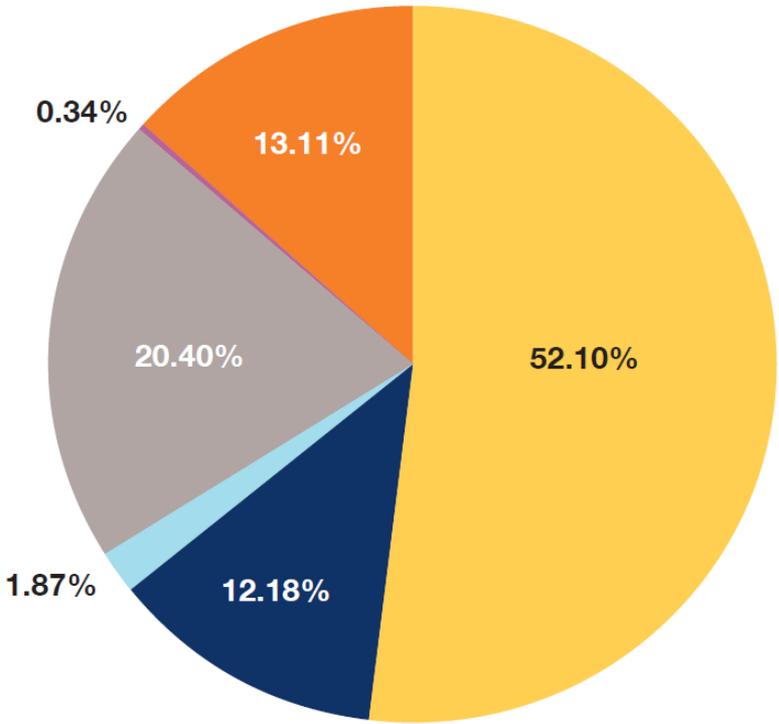


Energy Sales by Fuel Type



2016 Annual Report

2016 GENERATION BY FUEL MIX



Source		GWh
Coal	52.10%	12,347
Nuclear	12.18%	2,886
Hydro	1.87%	444
Natural Gas & Oil	20.40%	4,834
Other Renewables	0.34%	81
Purchases (Net)	13.11%	3,108
	100.00%	23,700

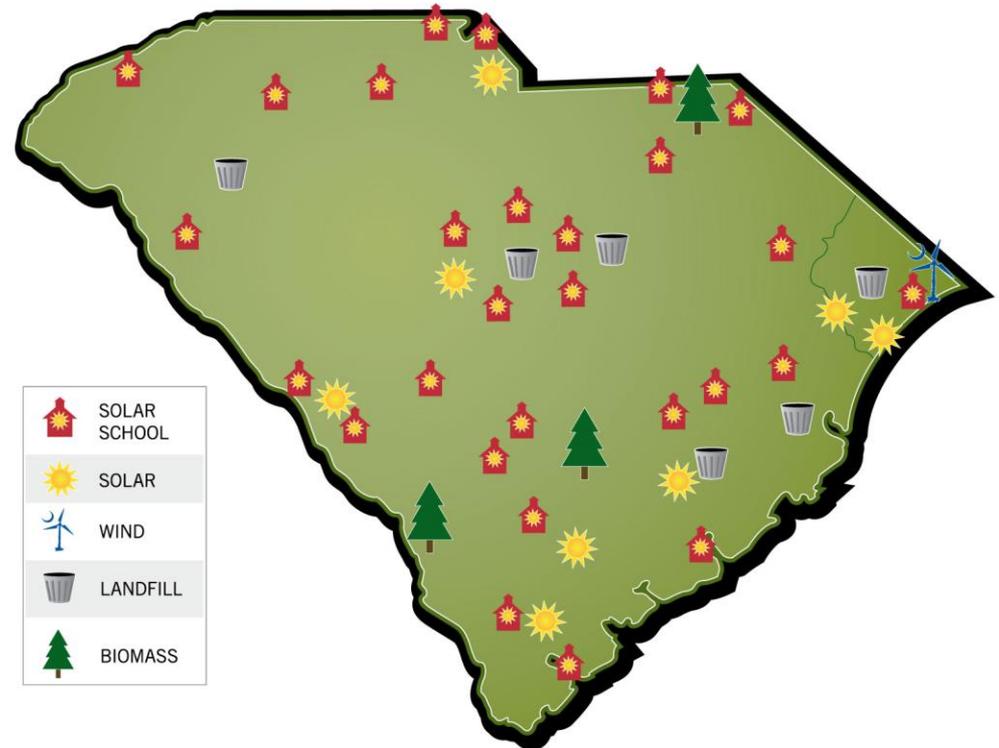
Renewables: 106 MWs

Green Power – reached 1 million MWH milestone in August 2015

- Landfill generation
 - 6 stations
 - 28 MWs
- Solar and wind
 - Grand Strand Solar Station
 - Green Power Solar Schools
 - CCU, Technical College of Lowcountry, Center for Hydrogen Research, CAT's, TTC-Berkeley
 - NMB wind turbine

Other renewables

- Biomass – 73.6 MWs
 - Domtar
 - Allendale, Dorchester
- Colleton Solar Farm
 - State's 1st Community Solar project



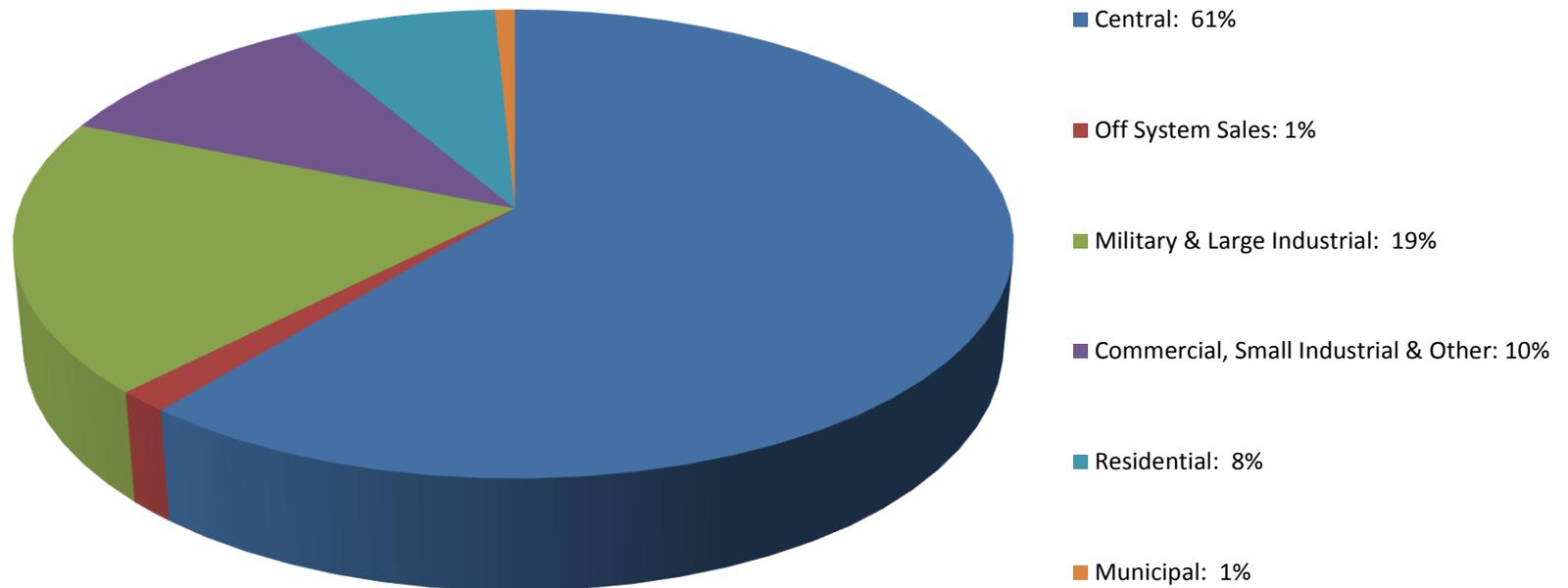
Customer Overview



- **Central Electric Power Cooperative, Inc.**
 - 20 South Carolina Electric Cooperatives
- **3 Municipalities:** Cities of Georgetown, Bamberg, and Seneca (with Blue Ridge Electric Cooperative)
- **3 Other Wholesale Customers:** AMEA, PMPA*, & the Town of Waynesville
 - * - PMPA Cities: Abbeville, Clinton, Easley, Gaffney, Greer, Laurens, Newberry, Rock Hill, Union, and Westminster.
- **179,845 Retail Customers – Horry, Georgetown and Berkeley County**
- **26 Large Industrial and Military Customers**

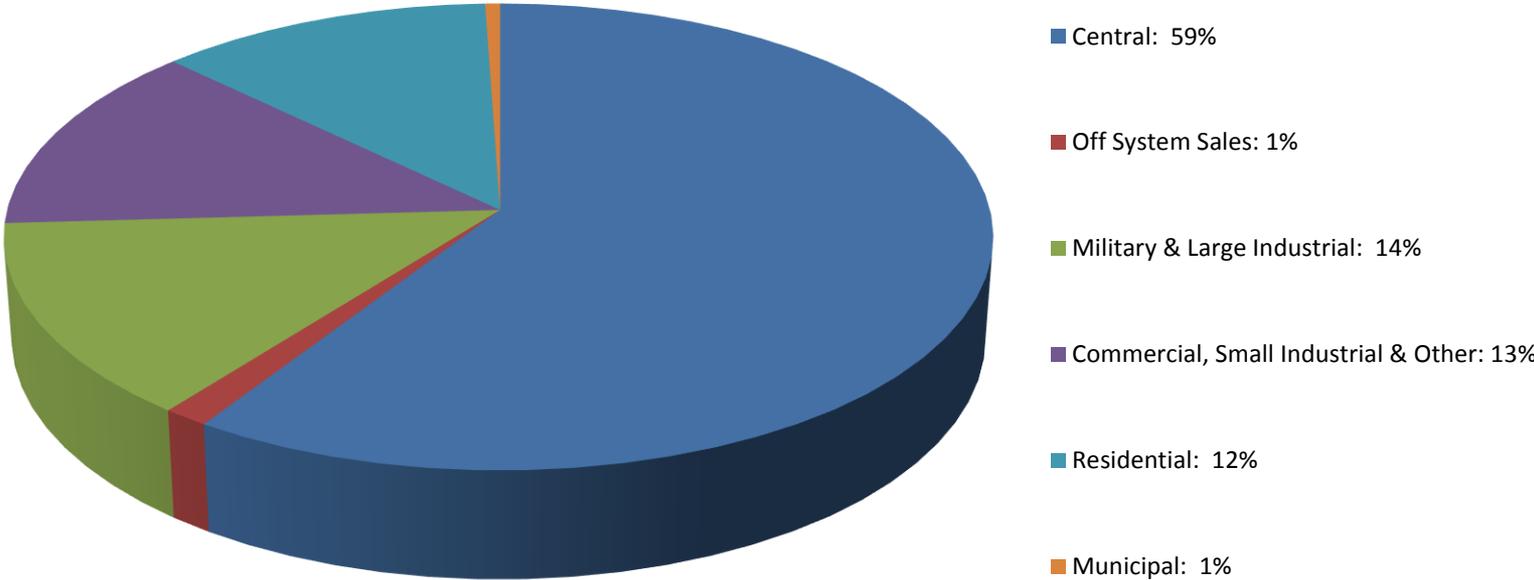
All told, more than 2 million South Carolinians use Santee Cooper power.

Sales of Electricity – Customer Classes



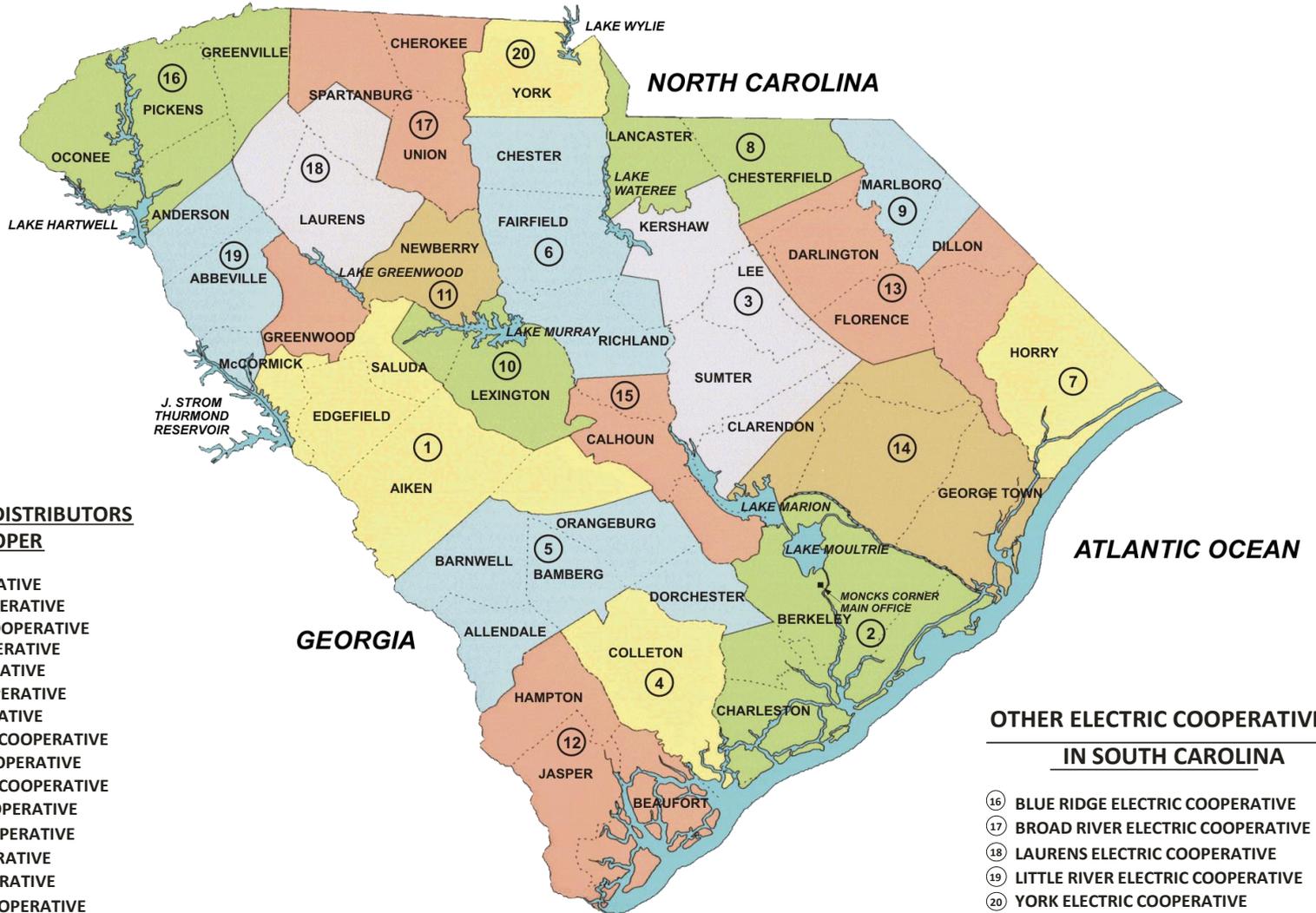
2016 Total Sales: 23,700 GWh

Sales of Electricity – Customer Revenues



2016 Total Electric Revenue: \$1,721,108

Electric Cooperatives of SC

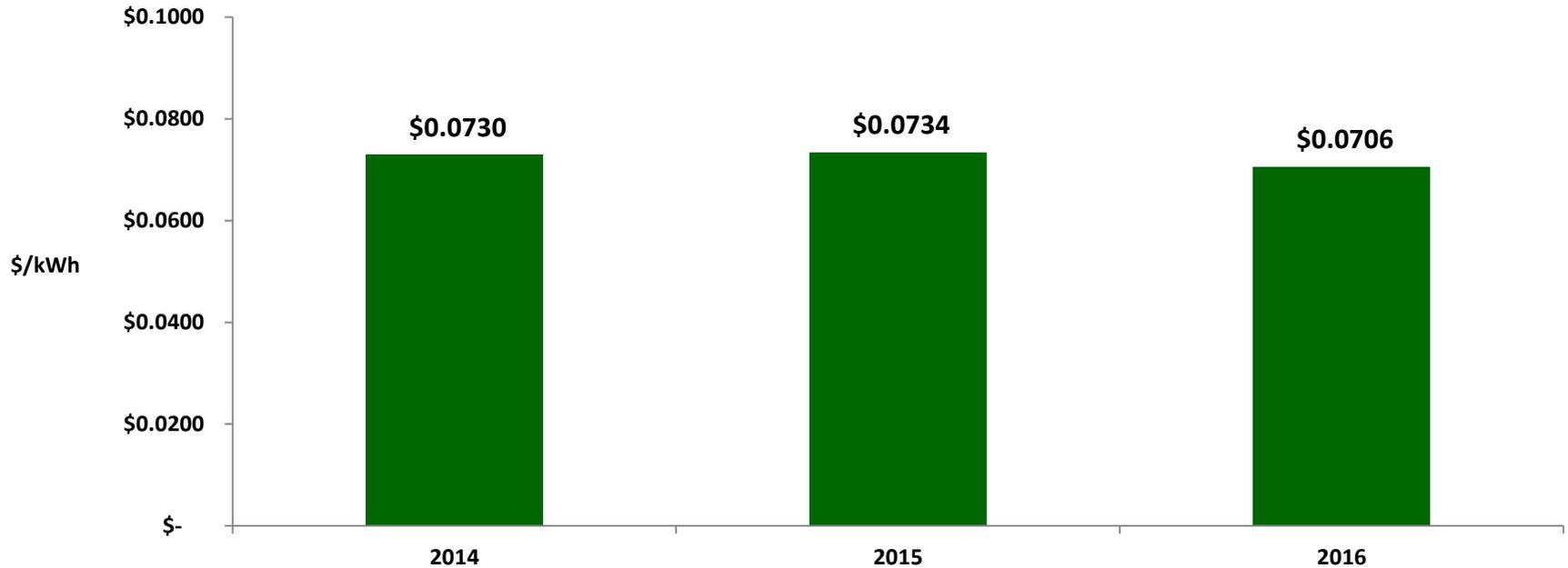


- Coordination Agreement Background
 - Entered into December 31, 1980
 - Amended in 1988 “1988 Amendment”
 - Amended in 2013
 - Central agreed to extend their rights to terminate the agreement until December 31, 2058.
- Full requirements agreement
- Cost of service based
- Joint planning and operating committees coordinate future resources and transmission planning
- Central has right to pass through Santee Cooper’s industrial rate menu and energy efficiency retail programs

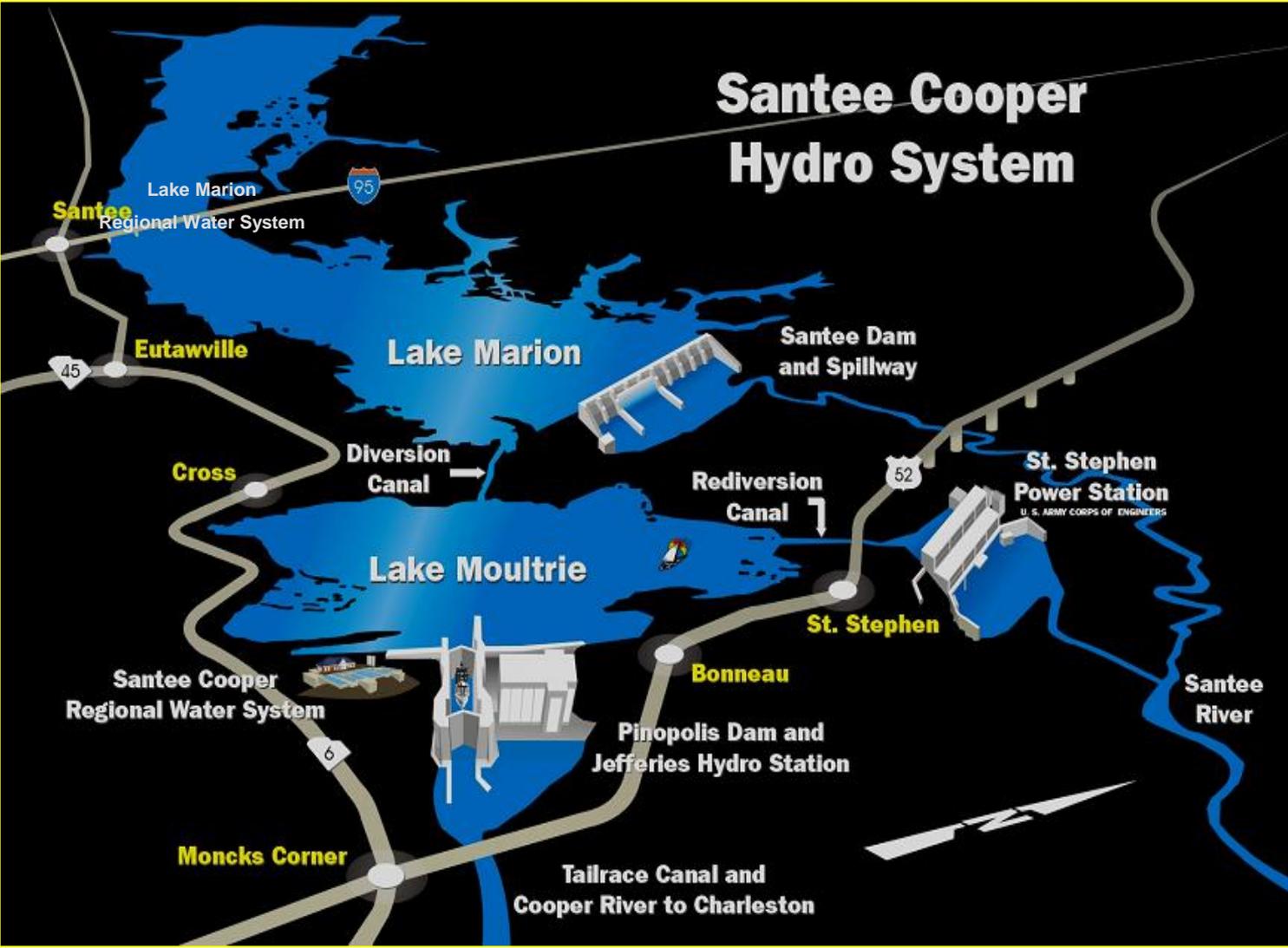
Customers: Cooperatives



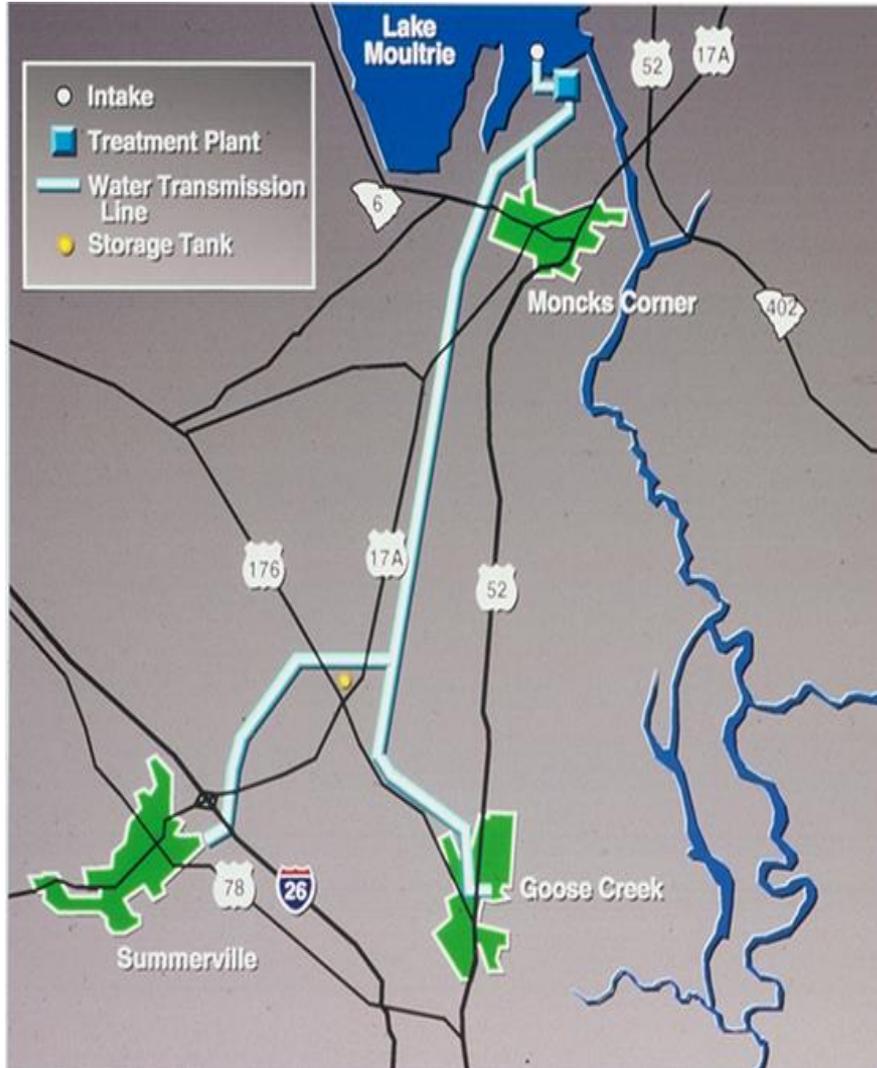
Central's Actual Cost of Service Rate



Water Systems Overview



Lake Moultrie Water System



Serves:

- Summerville CPW
- City of Goose Creek
- Moncks Corner Public Works
- Berkeley County Water & Sanitation Authority

Capacity:

- Currently 28 Million Gallons per Day, expanding to 40 Million Gallons per Day by end of November 2017

Rates:

- O&M: \$0.57 / 1000 Gallons
- Total: \$1.08 / 1000 Gallons

Lake Marion Water System



Serves:

- Town of Santee
- Orangeburg County
- Dorchester County
- Calhoun County
- Berkeley County

Capacity:

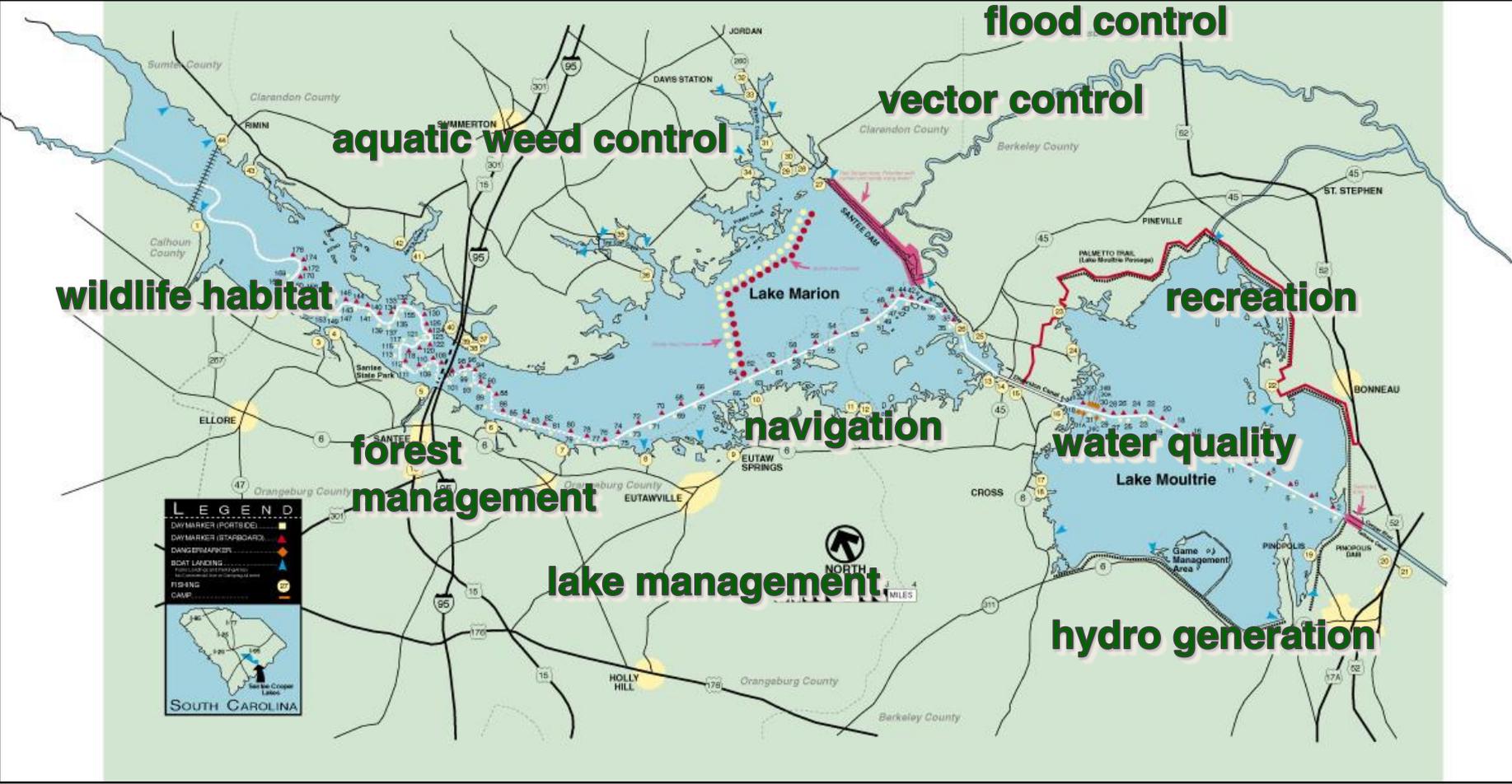
- 8 Million Gallons per Day

Rates:

- O&M: \$2.20 / 1000 Gallons
- Total: \$3.34 / 1000 Gallons

Property Management

Santee Cooper Lakes



Property within the FERC Boundary

- > 2,000 residential lot leases
- 53 commercial leases
- 21 public boat ramps and access facilities
- +/- 1,800 annual inspections per FERC requirement

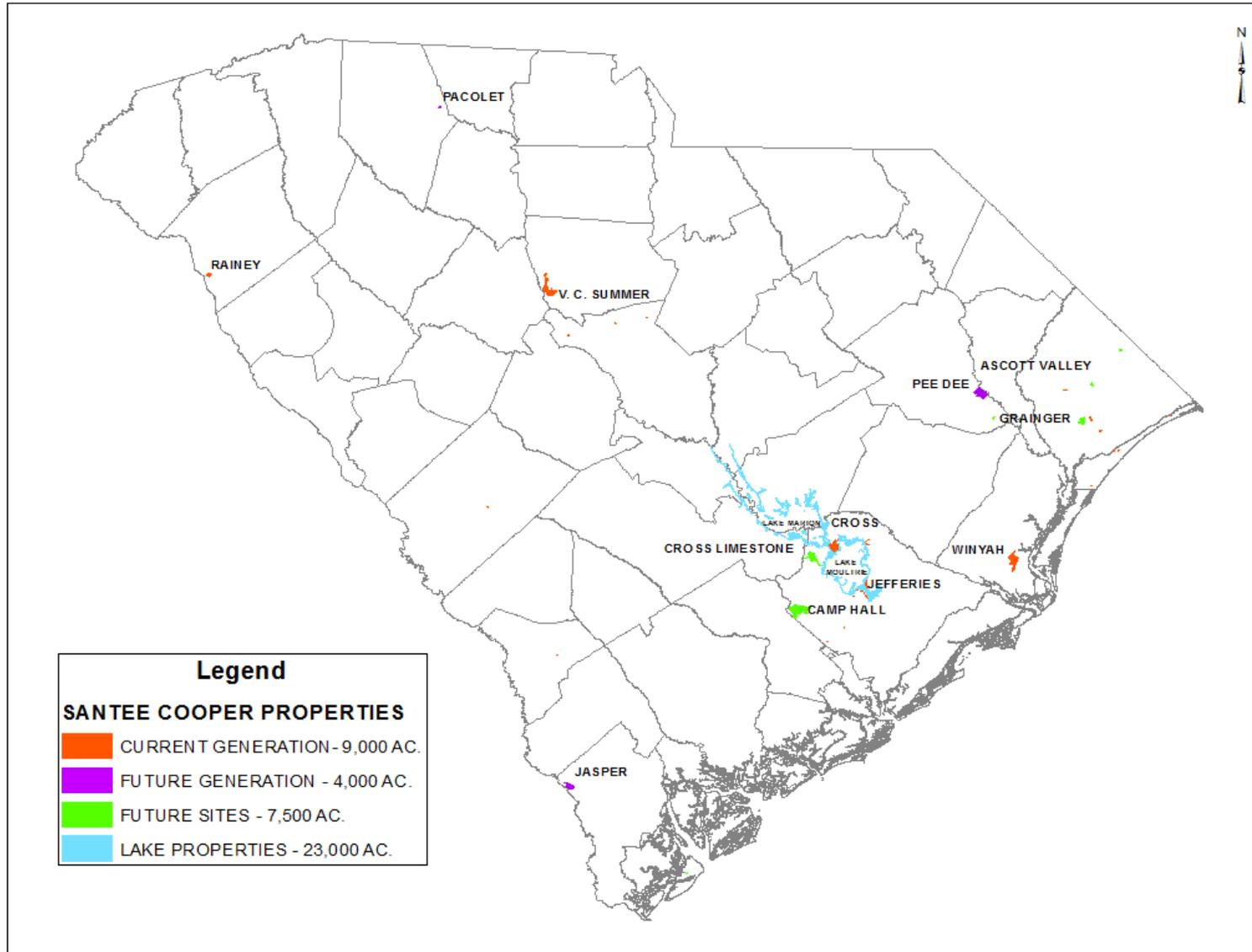
Capital Projects/Economic Development

- Camp Hall
- Ascott Valley
- Grainger Site
- Jefferies Site

Forestry and Undeveloped Land

- Manage +/- 36,500 acres in coordination with stakeholders
- Coordinate forest operations and harvest

Statewide Land Holdings



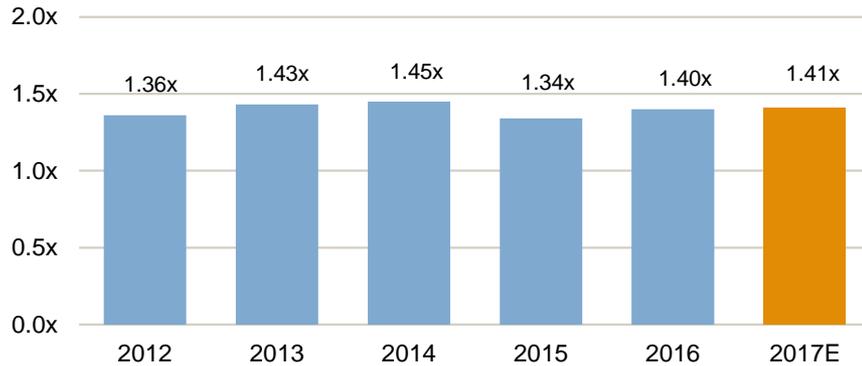
Financial Overview

Financial Metrics



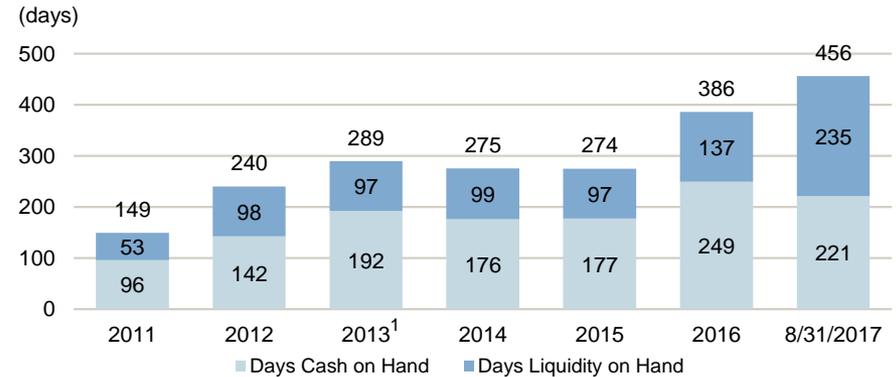
Santee Cooper is committed to maintaining strong financial metrics

Debt Service Coverage¹



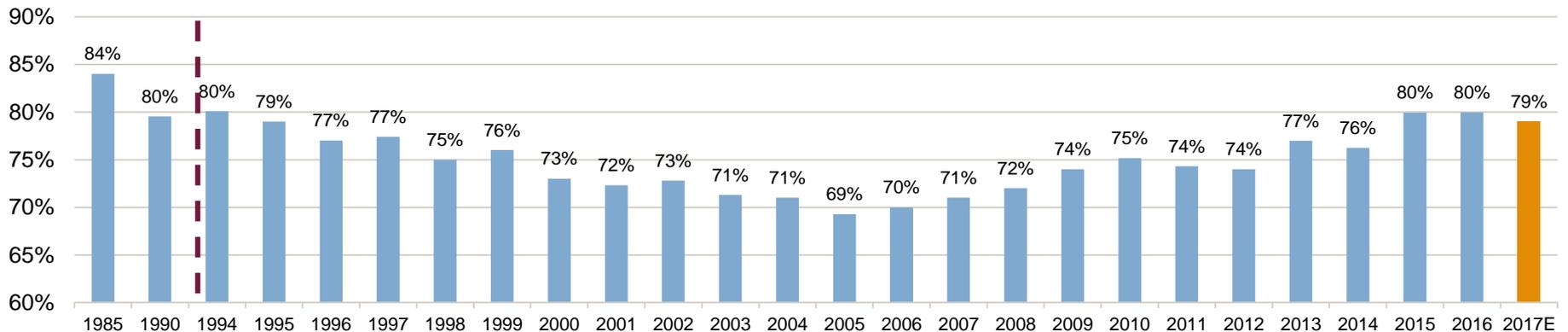
1. Includes CP and Payments to the State

Liquidity



1. CP Capacity adjusted \$75 million lower to account for \$75 million FRN issue

Debt to Capitalization



Balance Sheet



AUGUST 31, 2017

(Thousands of Dollars)

(Unaudited)

ASSETS		LIABILITIES / CAPITAL CONTRIBUTIONS	
Capital assets excluding transmission	\$ 8,014,392	Revenue obligations	\$ 7,661,276
Transmission capital assets	870,408	Commercial paper / direct purchase	461,261
Current assets	2,047,962	Unamortized debt premiums, discounts, losses	280,576
Other noncurrent assets	140,903	Other current liabilities	337,818
Regulatory assets & deferred debits	990,175	Other noncurrent liabilities	1,181,821
Total assets	<u>\$ 12,063,840</u>	Deferred credits	18,840
		Total liabilities	<u>\$ 9,941,592</u>
		Capital contributions	2,122,248
		Total liabilities & capital contributions	<u>\$ 12,063,840</u>

Debt Outstanding as of 8/31/17

(\$000's)



	Taxable	Tax Exempt	Total
<u>Revenue Obligation Bonds</u>			
Nuclear Generation	\$ 828,073	\$ 3,026,595	\$ 3,854,668
Nuclear CAPI	120,229	285,518	405,747
Nuclear Transmission	49,140	161,352	210,492
All Other Projects	241,680	2,948,689	3,190,369
Total Revenue Obligation Bonds	\$ 1,239,122	\$ 6,422,154	\$ 7,661,276
<u>Commercial Paper/Direct Purchase</u>			
Nuclear CAPI	\$ 26,776	\$ -	\$ 26,776
All Other Projects	399,516	34,969	434,485
Commercial Paper/Direct Purchase	\$ 426,292	\$ 34,969	\$ 461,261
Total Debt Outstanding	\$ 1,665,414	\$ 6,457,123	\$ 8,122,537

Rate Related Bond Covenants



Santee Cooper has an overarching covenant to comply with the provisions, covenants and agreements contained in the Indenture & Revenue Bond Resolution so long as Obligations are outstanding

RATE COVENANT

- Establish, maintain and collect rates and other charges adequate to provide the Authority with revenues sufficient to make all payments required by law or contract, including:
 - i. Principal, premium, and interest on Original Bonds, Revenue Bonds, Obligations;
 - ii. Obligations to the Revenue Bond Fund; the Lease Fund; the Revenue Obligation Fund; and the Capital Improvement Fund
 - iii. Operation & Maintenance expenses
- Should the Authority fail to fix adequate rates and other charges the Bond Trustee, upon request of bondholders of 25% in principal amount of Revenue Bonds outstanding, may bring court action to compel fixing, establishing, and collecting adequate rates and other charges

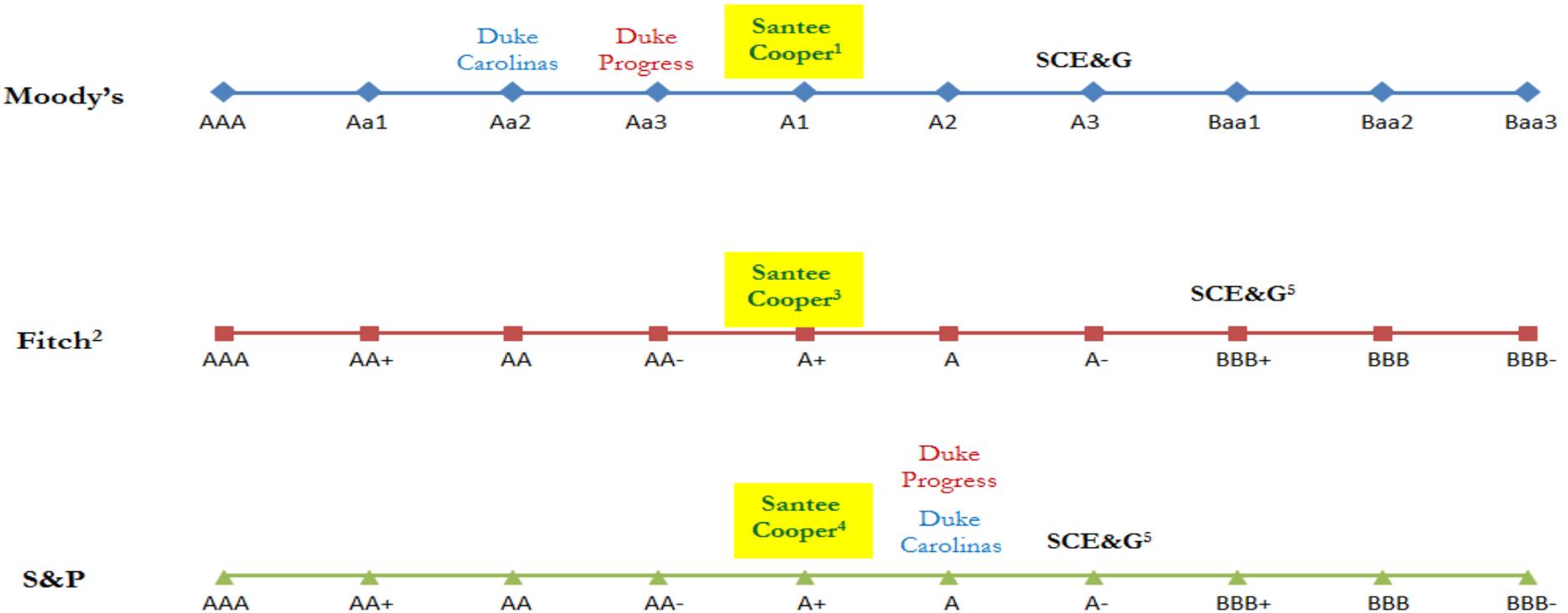
STATE COVENANT WITH BONDHOLDERS

- State will not alter, limit or restrict the power of the Authority to, and the Authority shall, fix, establish maintain and collect rents, tolls, rates and charges at least sufficient to provide for, among other things, the payment of principal and interest on its notes, bonds, evidences of indebtedness or other obligations
 - South Carolina Code Ann. § 58-31-360

Credit Ratings



Santee Cooper Compared to Other Utilities Senior Secured Debt Rating (10/10/17)



1. Moody's revised to negative outlook from stable outlook on March 20, 2017
2. Fitch withdrew Duke Carolinas and Duke Progress ratings in April 2017
3. Fitch placed Santee Cooper's A+ rating on Rating Watch Negative on February 17, 2017
4. S&P downgraded to A+ with stable outlook on September 28, 2017
5. SCE&G downgraded to BBB+ by Fitch and A- by S&P on September 29, 2017

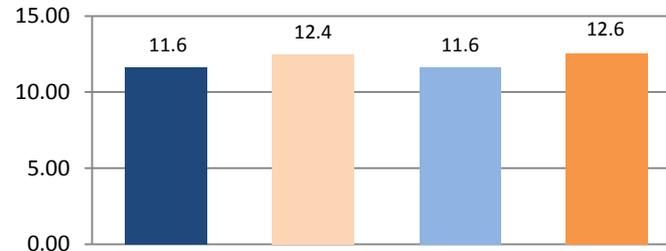
Rate Competitiveness



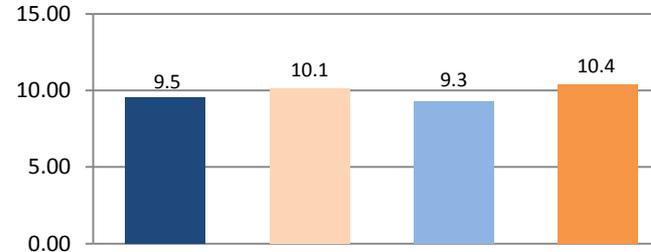
Santee Cooper's retail rates remain competitive

- Santee Cooper has maintained its competitiveness with regional utilities and continues to remain below the national average, even with all the change in the industry: economy, fuel market, and supply strategy
- Santee Cooper has dedicated programs to deliver efficiencies and cost reductions.
- Projected rates are expected to remain competitive.

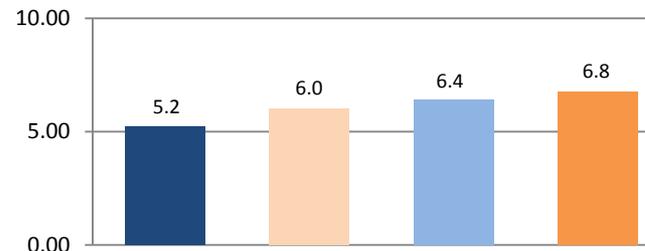
2016 Residential Rate Comparison



2016 Commercial Rate Comparison



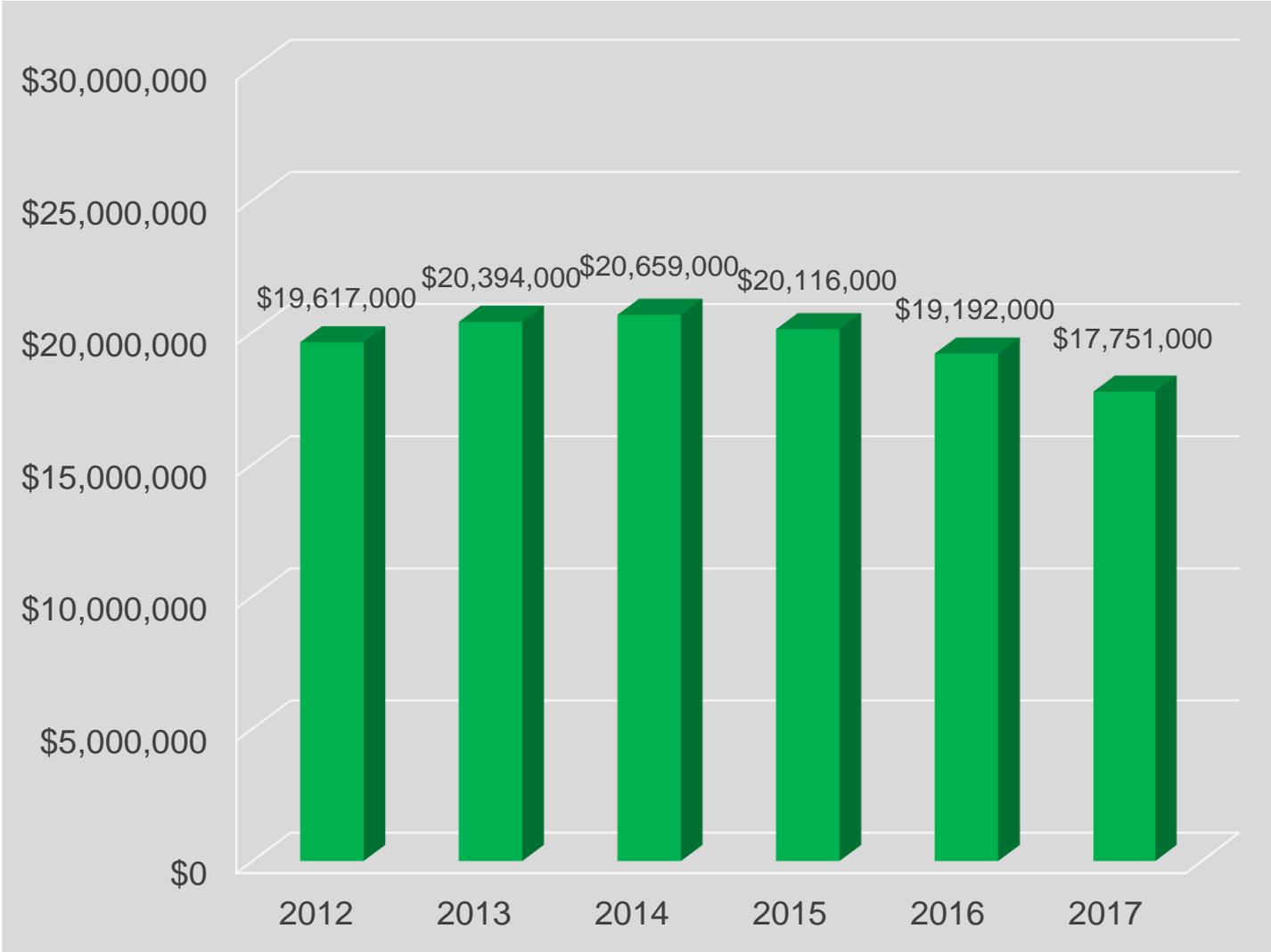
2016 Industrial Rate Comparison



■ Santee Cooper ■ South Carolina ■ South-Atlantic Region ■ National Average

Note: Rates are calculated by dividing annual revenues by kWh sold for each customer class.

1% Payment to the State



Note: 1% of Project Revenues

Operational Highlights

System Ratings

- **Transmission Reliability:**
99.9976%
- **Transmission Lines:**
5,039 miles
- **Distribution Reliability:**
99.9965%
- **Distribution Lines:**
2,806 miles



Economic Development Incentives



- **Economic Development Revolving Loan Program**
 - \$71,192,071 in loans approved as of September 30, 2017
- **Site Readiness Grants – established in 2014**
 - \$6 million/year for 5 years in electric cooperative service territory
 - \$27,109,000 in grants committed as of September 30, 2017
 - \$25,316,127 in grants paid as of September 30, 2017
 - \$2.5 million/year for 5 years in municipal customer territory
 - \$6,325,954 in grants committed as of September 30, 2017
 - \$4,725,954 in grants paid as of September 30, 2017
- **Santee Cooper Economic Development Investment Funds**
 - Closing Funds
 - \$16,375,500 in grants committed from this program since January 1, 2012
 - \$5,094,504 in grants paid from this program since January 1, 2012

Economic Development

- Incentive Rate
- Power Team
 - Nearly \$12 billion in capital investment
 - 69,000 jobs
 - Since 1988
- 177 Announcements since 2012
- Volvo, Sigmatex, Startek, Google, Wyman-Gordon, Samsung





Santee Cooper