

South Carolina Public Service Authority

September 27, 2017

Investor Communication



Slide 1 - Cover

Thank you for joining us today. This is Jeff Armfield, Senior Vice-President and Chief Financial Officer for Santee Cooper. We are hosting this presentation to provide the investor community an update on recent developments at Santee Cooper

Disclaimer



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2

Slide 2 - Disclaimer

Before we begin, I will pause to allow you to read the disclaimer. As noted, this presentation is provided for general information purposes only, and does not claim to include every item that may be of interest, nor does it claim to present full and fair disclosure with respect to any of Santee Cooper's debt issues. These materials do not constitute an offer to sell, or the solicitation of an offer to buy, any security of Santee Cooper.

Presentation Participants



Jeff Armfield
*Senior Vice President and
Chief Financial Officer*



Rahul Dembla
VP Planning & Pricing



Shawan Gillians
Interim Treasurer

3

Slide 3 – Presentation Participants

Joining me today are Rahul Dembla, Vice President of Planning and Pricing, and Shawan Gillians, our Interim Treasurer. Shawan will kick off the presentation.

Introduction



- Over the past six months, there have been several developments at Santee Cooper:
 - Decision to suspend construction of Summer Nuclear Units 2&3
 - Withdrawal of electric rates
 - Senior leadership changes announced
 - Public and political scrutiny
- Despite these developments, Santee Cooper's credit remains strong and risk has been reduced in several areas
- Our goal today is to summarize the underlying facts of recent decisions and developments which show that Santee Cooper remains committed and is well positioned to achieve its mission of:
 - Providing low cost and reliable power to its customers; and
 - Maintaining a strong financial and credit profile for its investors and capital market partners

4

Slide 4 - Introduction


Thank you, Jeff. Over the past six months, there have been several developments at Santee Cooper.

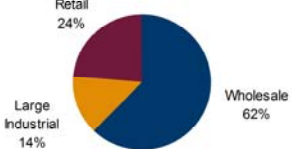
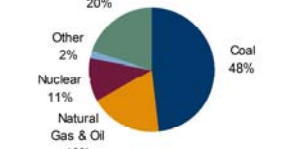
Despite these developments, Santee Cooper credit remains strong and recent decisions have reduced our risk profile.

Our goal today is to provide details on the underlying facts and rationale of recent decisions and developments, particularly related to the cancellation of nuclear construction and recent decisions on rates.

These details will show that Santee Cooper remains committed and is well positioned to achieve its mission of providing low cost and reliable power to its customers and to maintain a strong financial and credit profile.

Santee Cooper Overview



Our Business	Our Customers	Our Assets																				
<ul style="list-style-type: none"> ➤ An electric utility headquartered in Moncks Corner, South Carolina ➤ Owned by the State of South Carolina ➤ One of the nation's largest public power utilities <ul style="list-style-type: none"> ▪ \$12.2 billion of assets (12/31/2016) ▪ \$1.7 billion of revenues (2016) 	<ul style="list-style-type: none"> ➤ Retail and wholesale provider serving 2 million South Carolinians in all 46 counties ➤ Authority provided over 23,000 GWh in 2016 to its customers ➤ Largest customer is Central Electric Power Cooperative; providing approximately 60% of Authority's revenues 	<ul style="list-style-type: none"> ➤ Power supply comes from 5,100 MW of owned generation ➤ Power supply portfolio is coal based; supplemented with natural gas and nuclear generation 																				
Our Rates	2016 Customer Composition (% of Revenue)	2016 Energy Sources (MWh)																				
<ul style="list-style-type: none"> ➤ Autonomous rate making ability ➤ Competitive wholesale and retail rates in state ➤ Automatic rate adjustment on over 75% of costs 	 <table border="1"> <caption>2016 Customer Composition (% of Revenue)</caption> <tr><th>Customer Type</th><th>Percentage</th></tr> <tr><td>Wholesale</td><td>62%</td></tr> <tr><td>Retail</td><td>24%</td></tr> <tr><td>Large Industrial</td><td>14%</td></tr> </table>	Customer Type	Percentage	Wholesale	62%	Retail	24%	Large Industrial	14%	 <table border="1"> <caption>2016 Energy Sources (MWh)</caption> <tr><th>Energy Source</th><th>Percentage</th></tr> <tr><td>Coal</td><td>48%</td></tr> <tr><td>Purchases</td><td>20%</td></tr> <tr><td>Natural Gas & Oil</td><td>19%</td></tr> <tr><td>Nuclear</td><td>11%</td></tr> <tr><td>Other</td><td>2%</td></tr> </table>	Energy Source	Percentage	Coal	48%	Purchases	20%	Natural Gas & Oil	19%	Nuclear	11%	Other	2%
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5

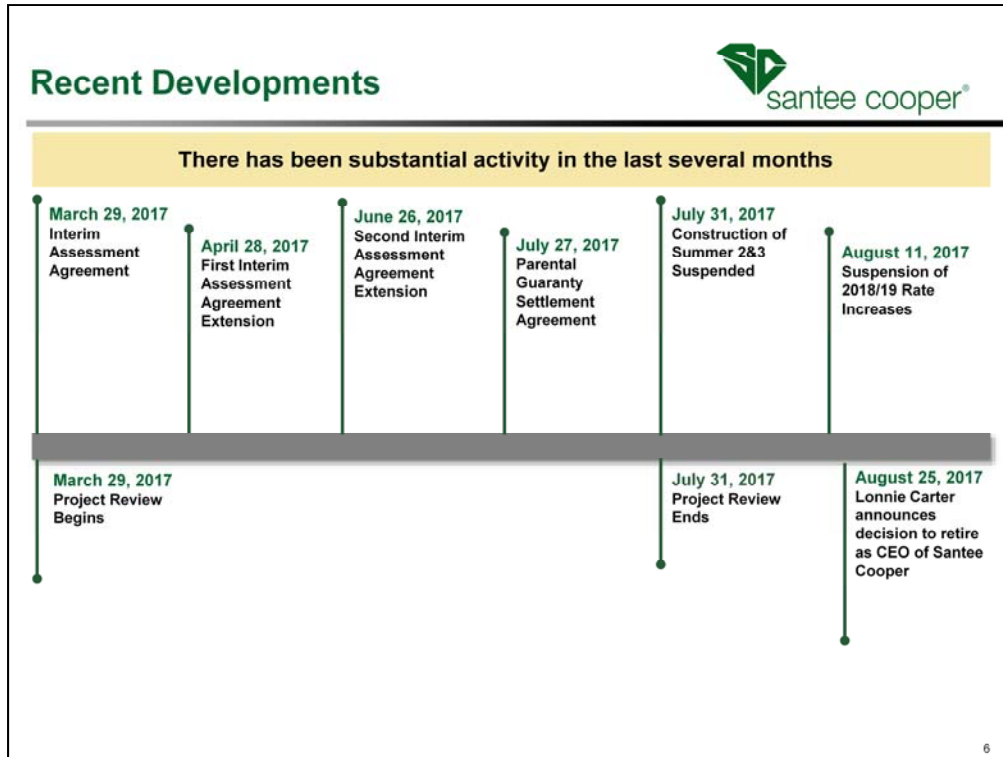
Slide 5 – Santee Cooper Overview

Before we begin, let me provide a brief overview of Santee Cooper.

Santee Cooper is a state owned agency. We are the state’s largest provider of power and one of the nation’s largest public power utilities serving over 2 million South Carolinians in all 46 counties in the State.

A unique feature of Santee Cooper is that we are both a retail and a wholesale provider of electricity. Central Electric Power Cooperative, our largest wholesale customer, provides approximately 60% of Santee Cooper’s revenues. Central is under contract to purchase power from Santee Cooper through at least 2058.

Santee Cooper meets all of its customers’ energy needs through its over 5,100 MW of generation capacity. Generation is primarily coal based, supplemented by natural gas and nuclear power. With regard to setting and approving electric rates, Santee Cooper’s Board serves as its ratemaking authority and its rates are not subject to review by the South Carolina Public Service Commission.



Slide 6 – Recent Developments

As mentioned previously, there has been substantial activity in the last several months since Santee Cooper’s prior investor communication in April of this year.

As you are aware, following the Westinghouse bankruptcy filing in March 2017, Santee Cooper entered into an Interim Assessment Agreement with Westinghouse, which allowed the EPC Agreement to remain in place and construction to continue while the Owners evaluated the most prudent path going forward.

The Interim Assessment and subsequent extensions allowed time for Santee Cooper to conduct a comprehensive review of the Summer nuclear project with much more information made available than we had previously received.

That comprehensive review was completed in July and after careful consideration, Santee Cooper decided to suspend construction of Summer Nuclear Units 2 and 3 on July 31, 2017.

Also in July, Santee Cooper entered into a settlement agreement with Toshiba addressing Toshiba’s parental guaranty of the EPC Agreement. The total settlement amount is \$2.168 billion, with Santee Cooper’s portion being \$975 million.

On August 11th, based on changing circumstances, including the fact that Santee Cooper would not be issuing any additional debt to fund construction and other costs related to the Summer nuclear project and a more definitive expectation as to the timing of the receipt of payments from Toshiba, Santee Cooper’s Board of Directors approved the withdrawal of the proposed rate adjustment.

Most recently, Mr. Lonnie Carter announced his decision to retire as CEO of Santee Cooper.

On subsequent pages we will provide more details on some of these developments. I will now hand the presentation back over to Jeff Armfield.

Senior Leadership Positions 

Chief Executive Officer

- On August 25, 2017, Lonnie Carter, Santee Cooper's long-time CEO announced his retirement from Santee Cooper
- The Board accepted Lonnie's retirement "with great respect and admiration for all that he has done during his career"
 - Lonnie will continue to serve as CEO until an interim CEO is appointed and remains available to the interim CEO and the Board through February 2018

Chairman of Board of Directors

- Leighton Lord, Chairman of Santee Cooper's Board of Directors, indicated that he will not seek reappointment when his term expires in May 2018
- Chairman Lord has served as Chairman since 2013 and has been a member of the Board of Directors since 2009
- Chairman Lord will serve until a new Chairman is appointed

7

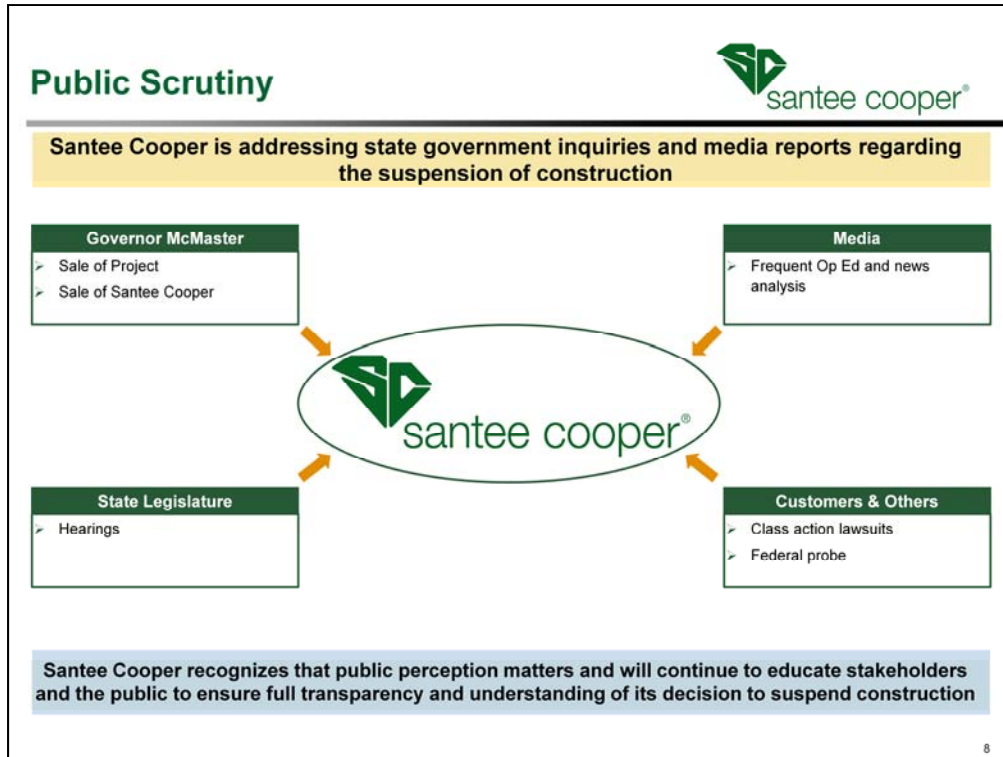
Slide 7 – Senior Leadership Positions

On August 25th, Lonnie Carter, Santee Cooper's CEO announced his retirement from Santee Cooper. Mr. Carter will continue to serve as CEO until an interim CEO is appointed and Mr. Carter will remain available to Santee Cooper and the Board through February 2018.

The Board has initiated a nationwide search for a new CEO.

In addition, Mr. Leighton Lord, the Chairman of Santee Cooper's Board of Directors indicated he will not seek reappointment when his term expires in May 2018.

The Chairman will serve until a new Chairman is appointed.

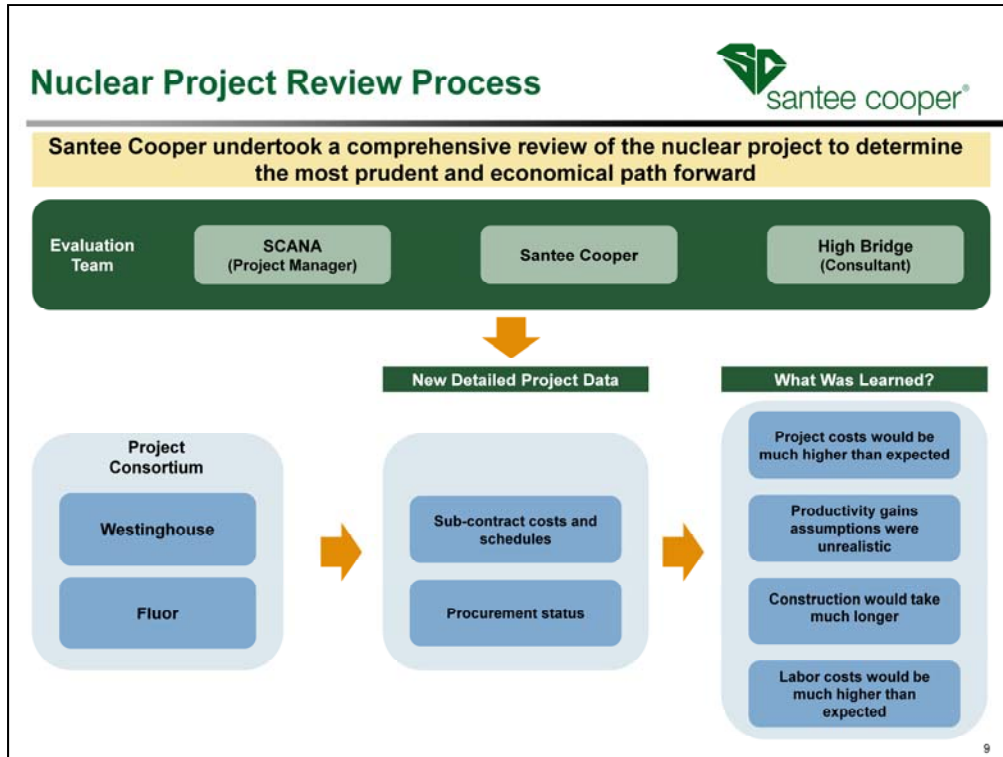


Slide 8 – State and Local Scrutiny

The decision to suspend the construction of Summer Units 2 and 3 has led to an increased level of public scrutiny of Santee Cooper.

Santee Cooper is proactively addressing government and media requests for information regarding its decision to suspend construction of the nuclear project, including participating in public hearings. In addition, Santee Cooper has received notice of the filing of several lawsuits and the commencement of governmental inquiries into a number of issues relating to the construction and the decision to suspend construction of Summer Units 2 and 3.

The Board and Santee Cooper understand that keeping the public informed is important. Santee Cooper will continue to educate the public to ensure transparency on all matters; including the reasons surrounding its decision to suspend construction.



Slide 9 - Nuclear Project Review Process

Following the execution of the initial Interim Assessment Agreement, Santee Cooper undertook a comprehensive review of the viability of the nuclear project to determine the most prudent and economical path forward.

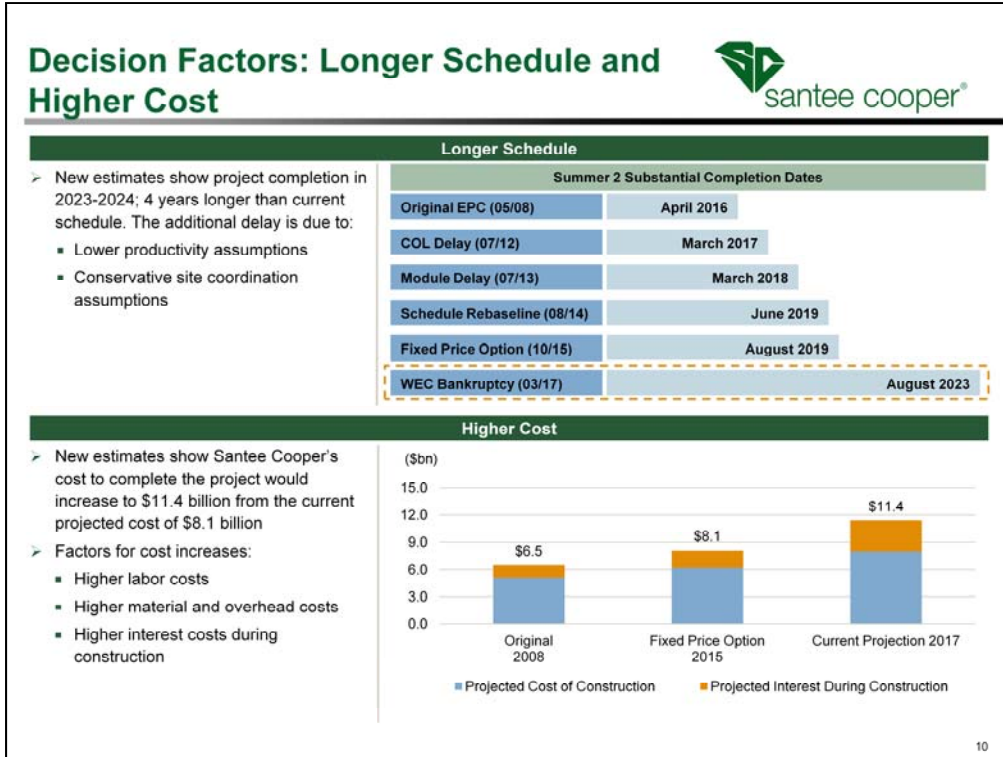
Santee Cooper conducted this analysis in conjunction with SCANA and a third party consultant.

With new information from Westinghouse and Fluor made available, Santee Cooper analyzed detailed costs and schedules and evaluated the procurement status of key items needed in the construction process.

From this information and analysis our team learned:

1. Project costs to complete would be much higher than previously expected;
2. Assumed productivity gains were unrealistic;
3. Construction schedule would take much longer and;
4. Labor costs would be much higher than expected.

These factors along with several other supportive developments, led our management to recommend and our Board to approve to suspend construction of the nuclear project. The decision to suspend was the prudent and economic path for Santee Cooper’s ratepayers.



Slide 10 - Decision Factors: Longer Schedule and Higher Cost


Our new estimates indicate project completion would take 4 years longer than the current schedule. That would put the completion of Units 2 and 3 in 2023 and 2024.

As I mentioned earlier, the additional delays came from lower productivity assumptions and more conservative assumptions around coordinating work between Units 2 and 3.

In addition to a longer schedule, our assessment showed that the project costs would be likely meaningfully higher.

The new costs estimate totals \$11.4 billion for Santee Cooper, an increase from the current projected cost of \$8.1 billion.

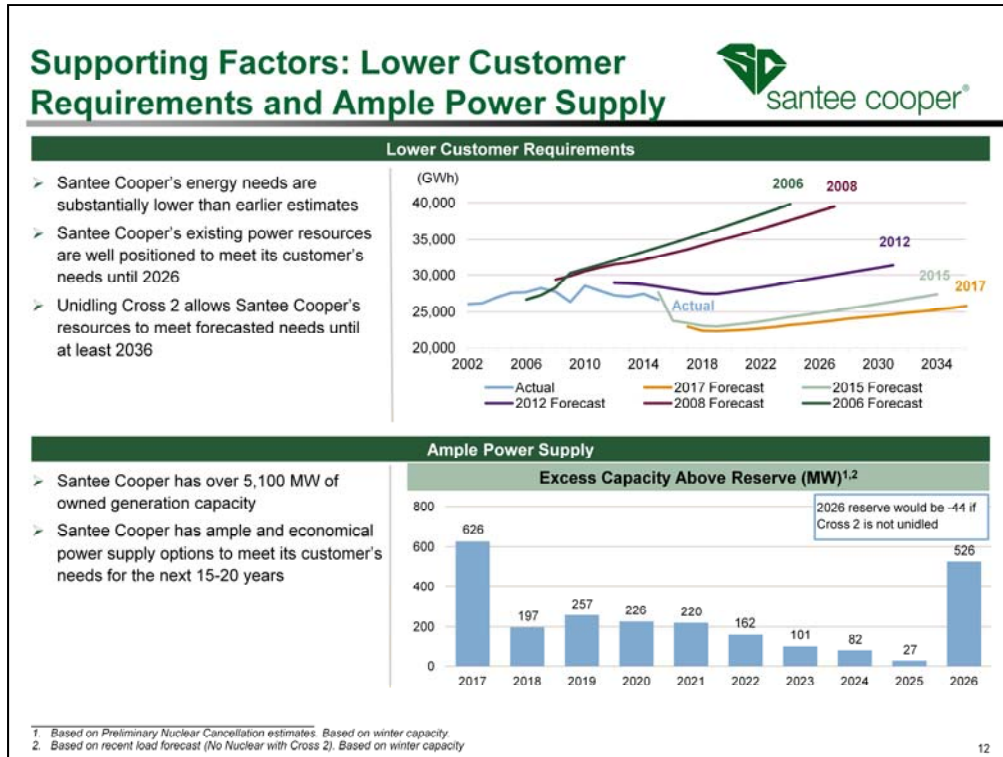
Factors that contributed to the increased cost expectations are greater labor costs, higher material and overhead costs and more interest costs from a longer construction period.

Decision Factor: Reduced Risk Profile 	
The decision to suspend construction on nuclear project immediately reduced substantial risk and uncertainty in key areas for Santee Cooper	
Construction	<ul style="list-style-type: none"> ➤ Eliminates nuclear construction execution risk ➤ Eliminates nuclear construction cost risk
Operations	<ul style="list-style-type: none"> ➤ Reduces nuclear operation execution risk uncertainty associated with new technology
Regulatory	<ul style="list-style-type: none"> ➤ Reduces scope that the Nuclear Regulatory Commission ("NRC") has over Santee Cooper's power supply
Financial	<ul style="list-style-type: none"> ➤ Improvement on projected metrics ➤ Reduces uncertainty of operating costs of new technology ➤ Reduces Santee Cooper's reliance on capital or private market funding
Rates	<ul style="list-style-type: none"> ➤ Lower projected system rates ➤ Reduces risk that fixed costs would have to be reallocated if load growth declines due to economic slowdown, technological advances and conservation
Customers	<ul style="list-style-type: none"> ➤ Central participated in the review process ➤ Supports decision to suspend construction

Slide 11 – Decision Factor: Reduced Risk Profile

Another key factor in our decision was that suspending construction on the nuclear project would immediately reduce substantial risk and uncertainty in key areas for Santee Cooper (including construction, operations, regulatory, financial, and rate risks).

In addition, our largest customer, Central Electric Power Cooperative, fully supported the decision to suspend construction.



Slide 12 – Supporting Factors: Lower Customer Requirements and Ample Power Supply


In addition to factors related to project costs, schedule and Santee Cooper’s risk profile, there were several other supporting factors that contributed to our decision to suspend construction of the nuclear project.



One of the most important factors is that Santee Cooper’s future energy needs are substantially lower than earlier estimates. In other words, there is less need for new generation.

As the graph on the upper right of this slide shows, over the past decade Santee Cooper’s forecasted sales have dropped dramatically as a result of lower economic activity, conservation efforts, efficiency improvements and the withdrawal of the Saluda customers within Central’s service territories.

Santee Cooper has ample and economical power supply options to meet our customer needs for the next 15-20 years, including using its owned generation capacity of over 5,100 MW. As the graph on the lower right shows, Santee Cooper’s forecast shows meaningful excess capacity above its planned reserve margin through 2025 and Santee Cooper has the option of unidling one of its existing units to provide additional capacity.

Supporting Factors: Unidling Cross 2 and Future Natural Gas Unit



Unidling Cross 2	Future Natural Gas Unit																						
Unidling Cross 2 provides an option for reliable, low cost power supply	Santee Cooper has evaluated site and project specifications for a large Combined Cycle Unit																						
																							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #e8f5e9; padding: 2px;">Unit</td><td style="padding: 2px;">➤ Cross 2</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Capacity</td><td style="padding: 2px;">➤ 565 MW</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Estimated Unidle Date</td><td style="padding: 2px;">➤ 2026</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Estimated Unidle Cost</td><td style="padding: 2px;">➤ \$120-\$150 million</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Timing</td><td style="padding: 2px;">➤ 2 years from unidling initiation</td></tr> </table>	Unit	➤ Cross 2	Capacity	➤ 565 MW	Estimated Unidle Date	➤ 2026	Estimated Unidle Cost	➤ \$120-\$150 million	Timing	➤ 2 years from unidling initiation	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #e8f5e9; padding: 2px;">Size</td><td style="padding: 2px;">➤ Size will be modified based upon Santee Cooper's future anticipated energy requirements</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Site</td><td style="padding: 2px;">➤ Pee Dee</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Estimated COD</td><td style="padding: 2px;">➤ Not currently in forecast</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Estimated Unit Cost</td><td style="padding: 2px;">➤ \$570 million (1,081 MW)¹</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Est. Trans. Cost</td><td style="padding: 2px;">➤ \$84 million per year</td></tr> <tr><td style="background-color: #e8f5e9; padding: 2px;">Natural Gas In a GHG Constrained Environment</td><td style="padding: 2px;">➤ Lower environmental impact since gas generation produces half of the CO₂ of coal generation</td></tr> </table>	Size	➤ Size will be modified based upon Santee Cooper's future anticipated energy requirements	Site	➤ Pee Dee	Estimated COD	➤ Not currently in forecast	Estimated Unit Cost	➤ \$570 million (1,081 MW) ¹	Est. Trans. Cost	➤ \$84 million per year	Natural Gas In a GHG Constrained Environment	➤ Lower environmental impact since gas generation produces half of the CO ₂ of coal generation
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<small>1. 2017 dollars</small>	<small>13</small>																						

Slide 13– Supporting Factors: Unidling Cross 2 and Future Natural Gas Unit

In the long term, Santee Cooper has several favorable and economic options for power supply.

This slide shows two options for long term power supply. As mentioned before, Santee Cooper’s existing portfolio is capable of meeting its energy and capacity needs through 2025. Santee Cooper will explore unidling its Cross 2 unit, a 565 MW coal unit, as required by future needs. The unidling process is estimated to take two years at an estimated cost of \$120-150 million.

The unidling option will continuously be evaluated against the cost/value of constructing a large combined cycle gas fired unit. Santee Cooper has already evaluated site and project specifications and we estimate that the cost of that 1,000 MW combined cycle unit will be competitive with bringing Cross 2 online.

The terms and timing of the regulations concerning greenhouse gas emissions will likely be the deciding factor on going forward with the natural gas fired unit versus unidling the older coal unit.

Supporting Factor: Viable Options and More Time for GHG Regulations

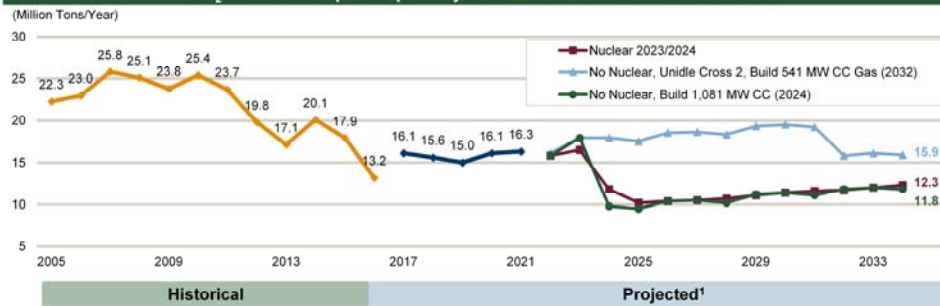


The slowdown of GHG regulations provides Santee Cooper with additional flexibility with existing assets and available power supply options

Santee Cooper Options

- Unidling Cross remains a viable option as a bridge of power supply to Santee Cooper's next generation of power supply
- Greater reliance on natural gas via new natural gas generation facilities could assist Santee Cooper to continue its GHG reductions as it moves away from coal-fired dominant power supply, even without the new nuclear units
- The South Carolina Energy Plan gives favorable treatment to the substitution of coal fired generation with natural gas units, an approach in line with the three building blocks focus set forth in the Clean Power Plan

CO₂ Emissions Exposure per Stayed Clean Power Plan from 2005 to 2034



1. Actual CO₂ emissions data represent data submitted via EPA's Electronic Data Reporting (EDR) system. Emission sources include Cross Station, Rainey Station, and Winyah Station. Projected emissions are based on Santee Cooper's load forecast, past performance of our existing units. Forecasts are subject to change based on several external factors

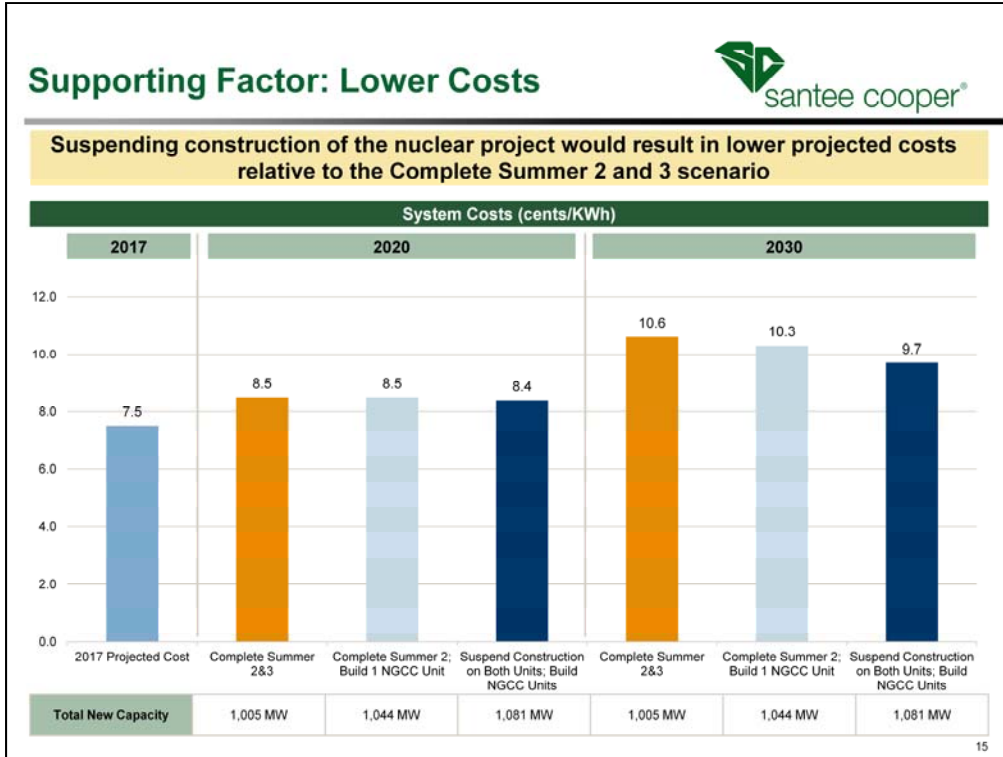
Slide 14 – Supporting Factor; Viable Options and More Time for GHG Regulations

The slowdown of GHG regulations provides Santee Cooper with additional flexibility with existing generating assets and available power supply options.

Unidling Cross 2 is a viable option as a bridge power supply to the next generation of power supply.

Greater reliance on natural gas (i.e. building a combined cycle unit) could assist Santee Cooper with continued GHG reductions as it moves away from the coal fired power supply.

As the graph on the bottom of this slide shows, Santee Cooper has made tremendous strides on its reduction of GHG emissions, having reduced emissions by nearly 50% from over a decade ago. Going forward, Santee Cooper has several options to maintain those reductions as shown on the chart.

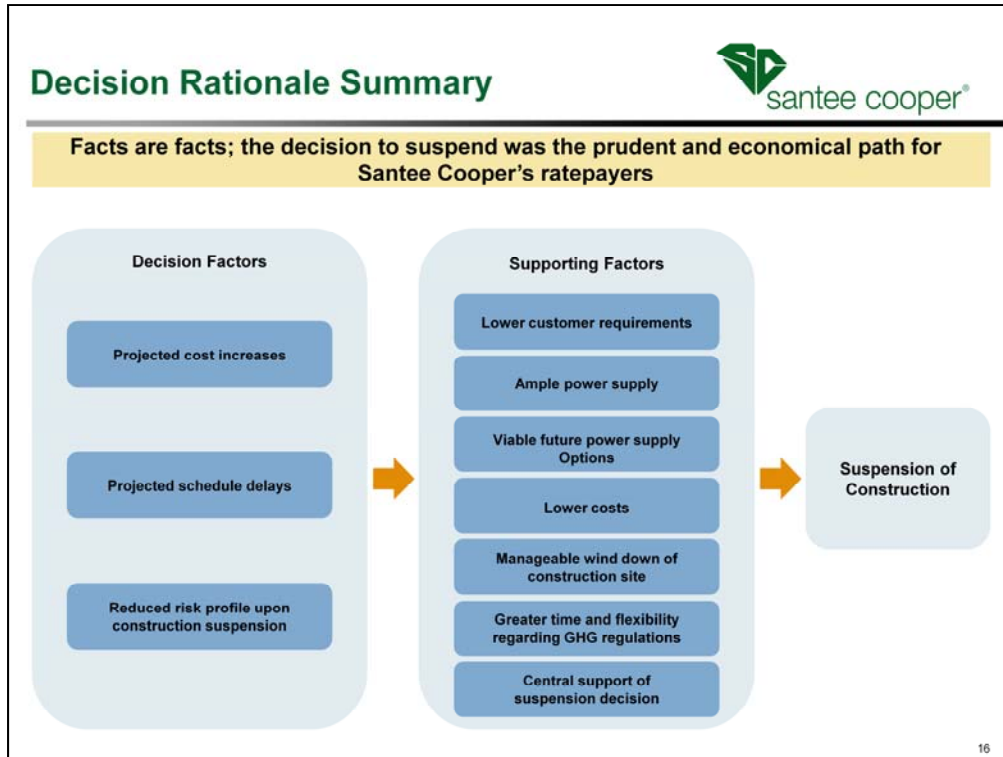


Slide 15 – Supporting Factor: Lower Costs

And finally, our forecasts show that suspending construction of the nuclear project would create lower costs relative to the scenario in which we completed Summer Units 2 and 3.

The tables on this slide show that in 2020 rates would be slightly higher as a result of working towards completing the nuclear units when compared to planning to build either a large combined cycle or completing one of the units and completing a medium sized combined cycle unit.

The cost differential is more pronounced once all of the nuclear debt is included in the forecasts. In 2030 forecasted system costs to complete the nuclear units would be nearly 1 cent/kwh higher than the scenario of suspending construction and building a large natural gas combined cycle unit.




Slide 16 – Decision Rationale Summary

Santee Cooper management and its Board carefully evaluated all relevant factors and facts in connection with the decision to suspend construction.

These areas covered nuclear project specific factors as well as changing industry and customer circumstances.

From our updated review, the decision to suspend construction was clearly the prudent and economical path for Santee Cooper's ratepayers. I will now hand the presentation off to Rahul Dembla, Vice President of Planning and Pricing.

Rate Decision



Santee Cooper was able to withdraw a planned rate increase due to favorable cost and revenue developments

Rate Increase Withdrawal	<ul style="list-style-type: none"> ➤ On August 11, 2017, Santee Cooper withdrew a planned rate increase ➤ Santee Cooper had recommended a rate increase of an average 3.7% in each of 2018 and 2019 ➤ The rate increases would have applied to Santee Cooper's retail customers¹
Rationale	<ul style="list-style-type: none"> ➤ The Board's rationale for the withdrawal was due to changing conditions since the rate study was conducted: <ul style="list-style-type: none"> ▪ Construction suspension of Summer Units 2 and 3 which eliminated issuance of over \$2.5 billion of debt in next 3 years ▪ Finalization of the Settlement Agreement with Toshiba which schedules the payment of \$975.6 million to Santee Cooper from the Parental Guaranty ➤ Santee Cooper's forecast shows strong financial metrics that are consistent with financial targets without the previously planned rate increases
Going Forward	<ul style="list-style-type: none"> ➤ Santee Cooper will monitor its financial condition and will initiate rate adjustment process as needed to maintain its financial targets

¹ Santee Cooper's wholesale customers' rates are cost based and change automatically as costs change

17

Slide 17 – Rate Decision

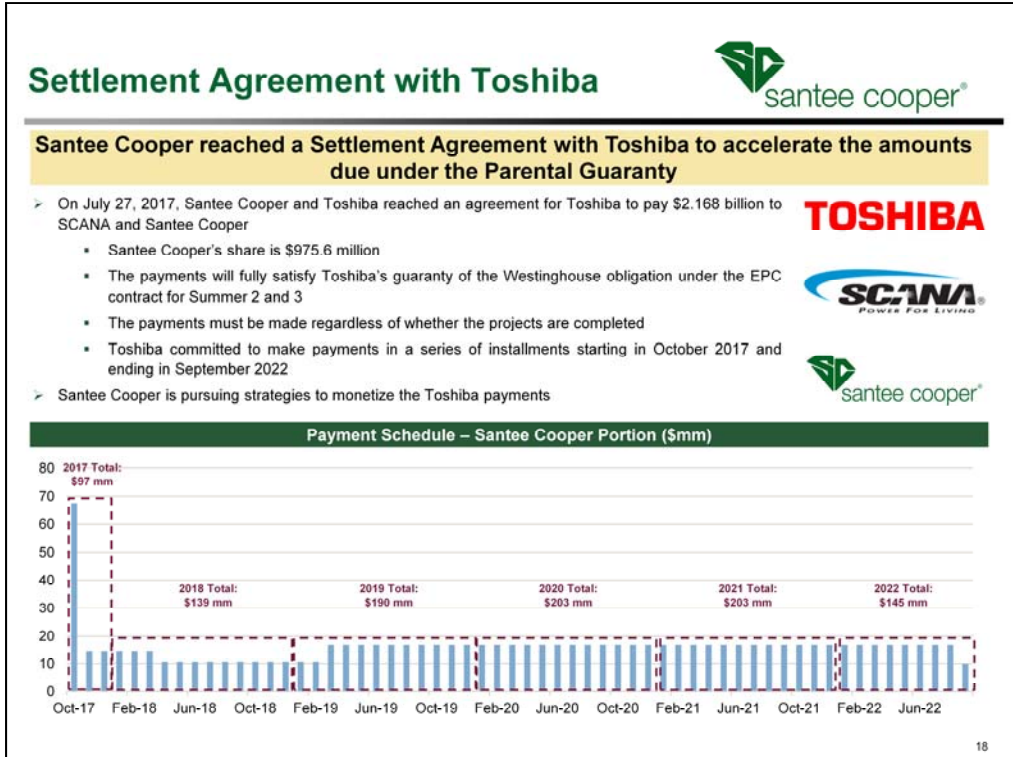
On August 11, Santee Cooper withdrew planned rate increases for years 2018 and 2019.

The planned increases averaged approximately 3.7% in each year.

The decision to withdraw incorporated an evaluation of Santee Cooper's forecasted cost given recent changes. Santee Cooper management and its Board determined Santee Cooper was able to withdraw planned rate increase due to favorable cost and revenue developments.

Santee Cooper was able to withdraw the rate increases as a result of suspending nuclear construction which eliminated the need for an issuance of over \$2.5 billion of debt. We also entered into a settlement agreement with Toshiba which addressed its parental guaranty under the EPC Agreement and will provide Santee Cooper \$975 million in gross payments over the next 5 years.

As we will show later in the financial component of our discussion, Santee Cooper's financial metrics are strong and remain consistent with financial targets without the planned rate increases.



Slide 18 – Settlement Agreement with Toshiba

On July 27th of this year Santee Cooper reached a settlement agreement with Toshiba addressing its parental guaranty under the Westinghouse EPC Agreement.

The total payment due from Toshiba is \$2.168 billion for the Summer project owners and Santee Cooper's share is approximately \$975 million.

Toshiba has committed to make payments in a series of monthly installments starting in October 2017 and ending in September 2022.

Santee Cooper forecasts do not include the full payment by Toshiba.

Recent Financial Results



Santee Cooper 2017 results are expected to be in line with expectations and historical trends

Historical Financials								
(\$mm)	Fiscal Year Ending (12/31)						6 Months Ending (6/30)	
	2011	2012	2013	2014	2015	2016	2016	2017
INCOME STATEMENT								
Operating Revenues	\$1,915	\$1,888	\$1,817	\$1,997	\$1,868	\$1,746	\$827	\$840
Operating Expenses	1,556	1,572	1,524	1,619	1,501	1,375	568	565
Operating Income	359	316	293	378	367	371	259	275
BALANCE SHEET								
Net Utility Plant	\$3,855	\$4,298	\$4,268	\$4,199	\$4,165	\$3,916	\$4,162	\$3,984
CWIP	1,231	1,644	2,101	2,713	3,362	4,293	3,677	4,647
Debt	5,468	5,887	6,820	6,959	7,732	8,195	7,740	8,071
Net Position	1,890	1,975	2,041	2,168	1,932 ¹	2,030	1,950	2,067
CASH FLOW STATEMENT								
Capital Expenditures	\$381	\$488	\$744	\$725	\$587	\$1,126	\$462	\$515

1. In 2015, Santee Cooper recorded a liability of approximately \$270 million as a result of GASB 68

Slide 19 – Recent Financial Results

Santee Cooper’s recent financial results have been strong and steady as evidenced by a relatively consistent operating income, which is highlighted on this slide.

2017 results are expected to be in line with forecasts and historical trends.

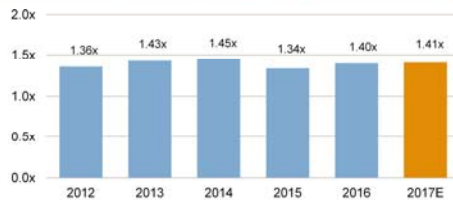
These favorable results were achieved from effective cost recovery through Santee Cooper’s electric rates.

Financial Metrics



Santee Cooper is committed to maintaining strong financial metrics

Debt Service Coverage¹



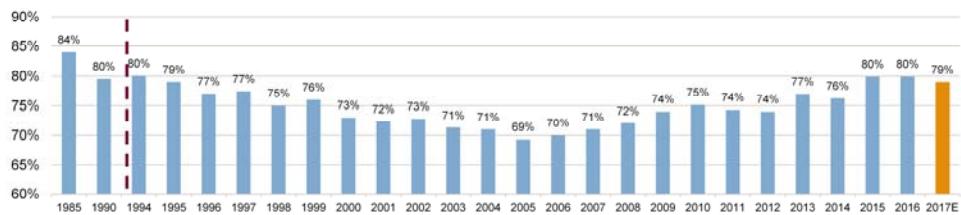
1. Includes CP and Payments to the State

Liquidity



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

Debt to Capitalization³



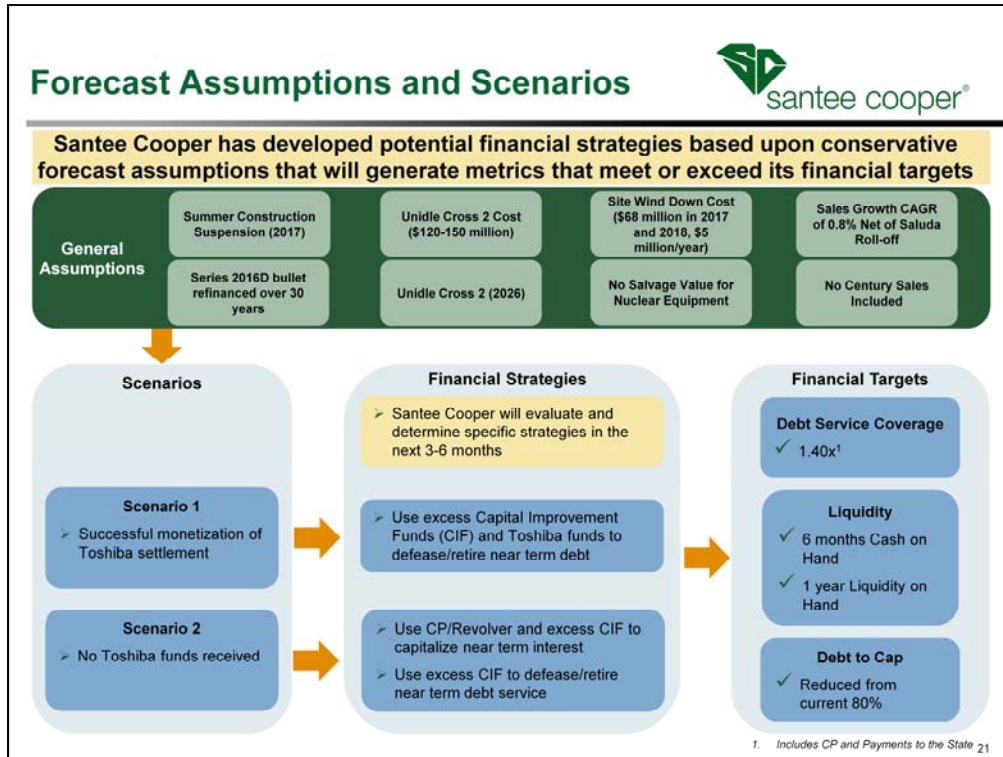
20

Slide 20 – Financial Metrics

Supported by a favorable rate structure and commitment to recover costs, Santee Cooper has historically generated strong financial metrics.

As the graphs on this slide show, we enjoy relatively consistent and strong debt service coverage of approximately 1.4x. Please note that this coverage incorporates our subordinate commercial paper debt service as well as our payment to the State of South Carolina which is also subordinate to debt service. Our liquidity, which includes cash reserves, a commercial paper program and revolving credit facilities, is over one year of operating expenses.

In addition, our current debt-to-capitalization ratio of 80% (which includes the nuclear debt that has been issued in the past few years) is in line with our historical metrics.



Slide 21 – Forecast Assumptions and Scenarios

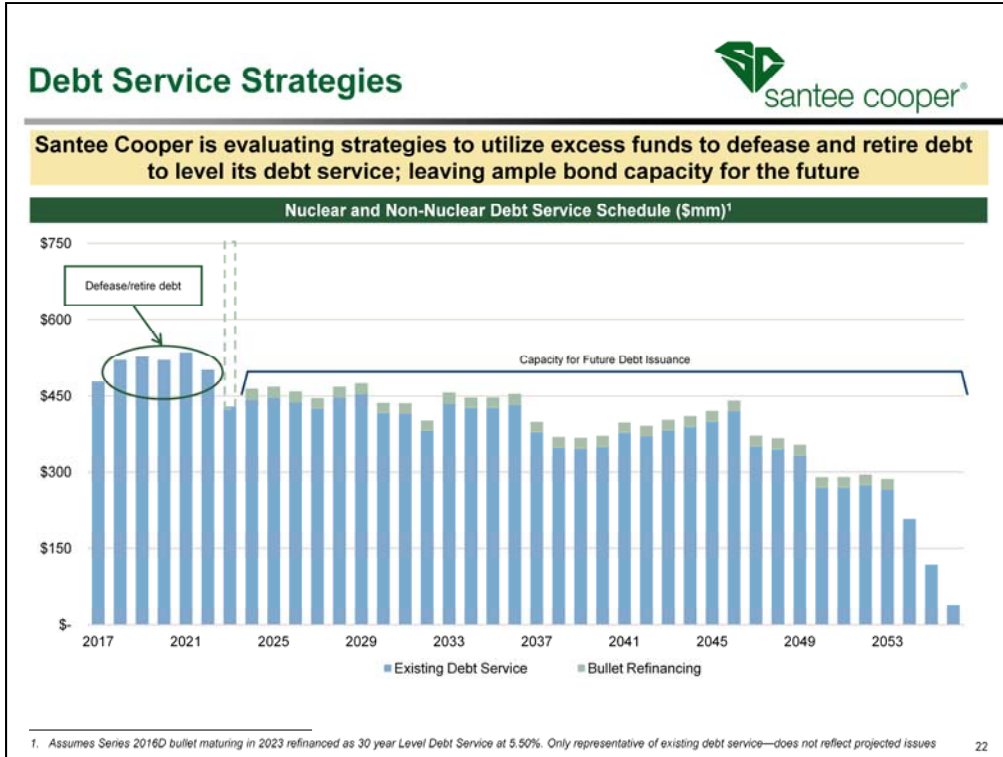
On this slide we show our financial forecast assumptions.

These forecasts incorporate recent decisions regarding suspension of construction of the nuclear project. For conservative purposes the forecasts assume no rate increase in 2018 or 2019; though the timing of next rate increase has not been determined.

The forecasts also incorporate our conservative assumptions regarding the cost of winding down the nuclear construction site, the cost of unidling Cross 2, obtaining no salvage value for nuclear equipment, and no energy sales to Century Aluminum.

With these assumptions, we constructed two scenarios. One assuming the successful monetization of the Toshiba settlement, which we will call Scenario 1 and another assuming no receipt of funds from Toshiba (Scenario 2).

Along with these scenarios, we incorporated strategies to defease and retire debt to better align Santee Cooper’s debt profile with its new circumstances.



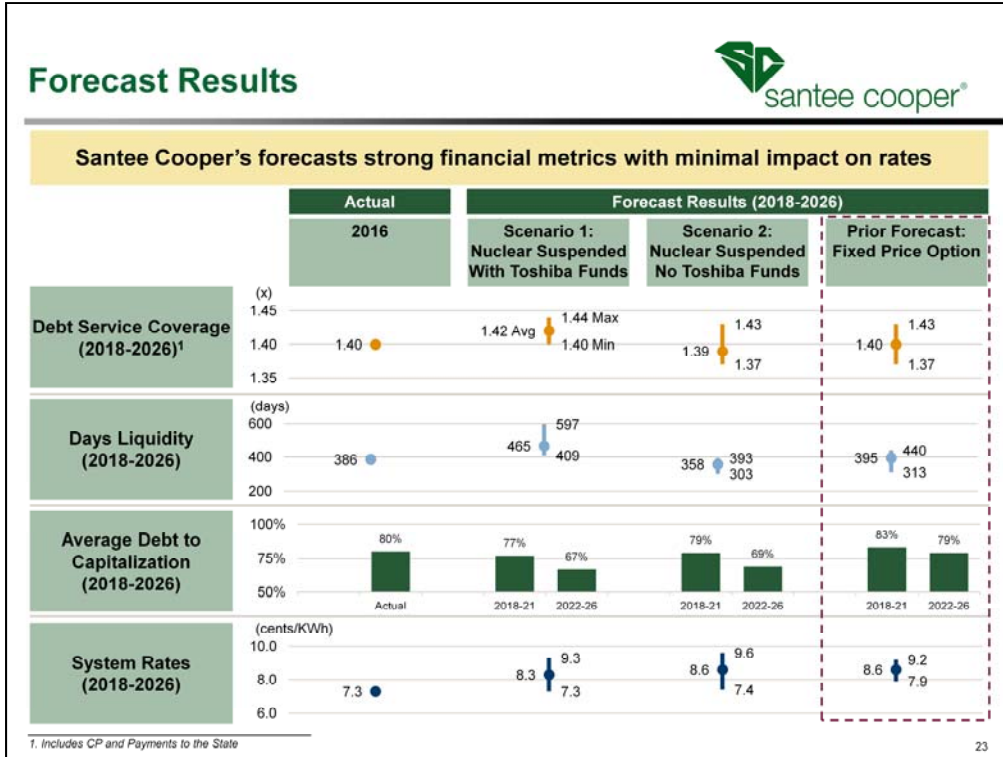
Slide 22 – Debt Service Strategies

On this page we show our near term strategy we are exploring with our excess capital improvement funds and expected Toshiba settlement funds.

Generally, speaking, Santee Cooper is exploring strategies to utilize excess funds to defease and retire debt to level its overall debt service.

This strategy realigns our debt service to our current circumstances and provides ample bond capacity for future projects as needs arise.

These strategies are currently being evaluated by Santee Cooper management and will be reviewed by the Board later this year.



Slide 23 – Forecast Results

Santee Cooper forecasts strong metrics with manageable impact on rates.

For example, debt service coverage over the next 10 years remains consistent around 1.4x regardless of the amount of funds actually received from Toshiba in the next few years.

In addition, Santee Cooper maintains strong liquidity with cash on hand over six months of operating expenses and over 1-year liquidity when considering the bank facilities Santee Cooper currently maintains.

Regarding leverage, in every scenario Santee Cooper's leverage is meaningfully lower than its current metrics over the next 10 years. Currently Santee Cooper's debt to capitalization is approximately 80%. Even if Santee Cooper doesn't receive any funds from Toshiba, its debt to capitalization decreases to the high 60s in the next 5 to 10 years.

Finally, Santee Cooper's system forecasted rates are not substantially higher than current rates. Over the next 10 years Santee Cooper's average system electric rates average 8.3 cents and 8.6 cents per kwh depending on the amount of Toshiba funds received.

I will now hand the presentation back to Jeff to conclude.

Summary



- The Board adopted a strategic plan encompassing critical areas of future Santee Cooper operations
- Financial strength is a key component of the strategic plan
- Santee Cooper remains committed to bondholders and the strategic plan, and will set rates as needed to achieve metric goals


24

Slide 24 - Summary


In closing, we want the investment community to know that Santee Cooper's management has developed and the Board has adopted a comprehensive strategic plan encompassing critical areas of future Santee Cooper operations.

Financial strength is a key component of this plan.


Santee Cooper remains committed to our bondholders and to our strategic plan and will set rates and continue to make the necessary decisions to keep Santee Cooper strong, including maintaining a strong financial profile.

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25

Slide 25 - Contacts

Thank you for your time and interest in Santee Cooper. Our goal is to be transparent with our investor community and we will continue to provide additional information as developments occur. If you have any questions, we encourage you to reach out to the contacts at Santee Cooper or to our Financial Advisor, Public Financial Management, listed on this slide.