

## Santee Cooper Has a Plan that is Working Well

Three Key Takeaways:

- Transformation is well underway at Santee Cooper with important structural changes, debt reduction, and a shift to leaner and greener energy production.
- Key achievements in the past two years include resolving all nuclear-related litigation, redesigning and launching a new resource plan, paying down debt and otherwise improving our financial status, and reorganizing staff.
- We have also maintained top-1% distribution reliability, excellent safety metrics, significant economic development support and low prices.

A recent "memo" and series of oversized postcards published by the South Carolina Club for Growth promote a series of claims and misrepresentations about Santee Cooper's progress that simply must not go unanswered. We believe a fact-based response is essential, and is responsive to legislative requests that we set the record straight on other misinformation campaigns as the General Assembly determines the future of Santee Cooper.

Club for Growth incorrectly claims in a very expensive, two-color mail piece sent statewide, that Santee Cooper is failing to execute on the resource (more renewables, less coal) and financial components of our Reform Plan, which built on our 2019 Business Forecast. Club for Growth further claims that our 2020 updates to the resource plan (which would provide a 55% reduction in carbon emissions by the 2030s) are evidence that the original failed and we are "all talk and no action."

For the record, since developing our 2019 Business Forecast and then our Reform Plan, Santee Cooper has:

- Removed all threat of pending nuclear-related litigation, benefiting customers
  - Settled the Cook case and paid the first installment of customer refunds
  - Settled the Westinghouse case and contracted for disposition of the V.C. Summer equipment we own
  - Agreed to a settlement in the Turka case that is pending Court approval
- Redesigning and launched a new resource direction
  - Hedged natural gas through 2024, for significant savings
  - Renegotiated coal commodity and transportation contracts for significant savings
  - Bid and contracted nearly 500 MW of new solar power with Central
  - Launched a plan to close Winyah Generating Station and idled one unit
- Redesigning and launched a new financial direction
  - Paid off \$600 million in debt, net
  - Refinanced \$750 million in debt, producing over \$340 million in savings
  - Levelized debt service
  - Achieved "stable A" credit ratings (reflecting outlook upgrades to stable by two major credit rating agencies)
- Reorganized
  - Reduced staff through attrition and retirement, with no layoffs
  - Reduced the executive ranks nearly 20%

- Increased senior management diversity

Santee Cooper has also continued to maintain top-1% distribution reliability, excellent safety metrics, significant economic development support and low prices as we moved through the list above.

S.C. Code 58-31-30 (A) (21) makes clear that the state of South Carolina is not responsible for Santee Cooper debt, even though we are state-owned. We operate as a business, our expenses are covered by customer revenues, and we receive no state tax dollars. On the other hand, Santee Cooper makes an annual payment to the state (approximately \$17 million for 2020) and since 1990, that benefit has totaled more than \$400 million.

Club for Growth is misrepresenting Santee Cooper's progress and status, but a decision about our future should be made based on facts. The fact is, a State Department of Administration comparison of our Reform Plan and the leading bid to purchase Santee Cooper last year showed customers would pay lower rates with our Reform Plan. The typical Santee Cooper residential customer already pays 9% less than the average residential bill of the investor-owned utilities doing business in South Carolina.

Our 2019 Business Forecast committed to a leaner, greener Santee Cooper. We are already both: leaner in terms of debt, operating and fuel expenses, and staff, and greener in terms of an idled coal-fired unit at Winyah and executed contracts to bring enough solar power online by 2023 to equal 45% of the state's current total installed capacity. We have continued to update our resource and financial plans to achieve more, not less, benefit for customers and the state. Additionally, we stand ready to work with legislators in the coming weeks as they consider options to reform our governance and oversight.

Santee Cooper has a comprehensive plan to transform our operations and finances. We are implementing it, improving it, and it is working.