



# Santee Cooper 2020 Progress Update



# What Is Santee Cooper?



- Named after the two rivers; created in the 1930s to bring light to rural South Carolina
- Manages a lake system and provides safe drinking water to 200,000 (and growing) people from the Lowcountry to Orangeburg County
- Provides electricity for more than 2 million South Carolinians
- Operates a high-voltage transmission grid that serves most of South Carolina; Santee Cooper power is delivered to every county in the state
- Santee Cooper operates a retail service territory with 2,994 miles of distribution lines and equipment serving more than 190,000 customers in Horry, Georgetown and Berkeley counties

A public enterprise like Santee Cooper is a business that should provide its owners, the people of South Carolina, with returns –

- Low-Cost and Reliable Electricity
- Water Management and Services
- Economic Development
- Environmental Stewardship
- And Now, Broadband

## Santee Cooper is the low-cost provider among large utilities in South Carolina

Customer	Santee Cooper rate	% below state avg <sup>4</sup>	% below National avg <sup>5</sup>
Residential <sup>1</sup>	11.08 cents/kwh	-9%	-9%
Commercial <sup>2</sup>	9.53 cents/kWh	-8%	-8%
Industrial <sup>3</sup>	5.09 cents/kWh	-17%	-25%

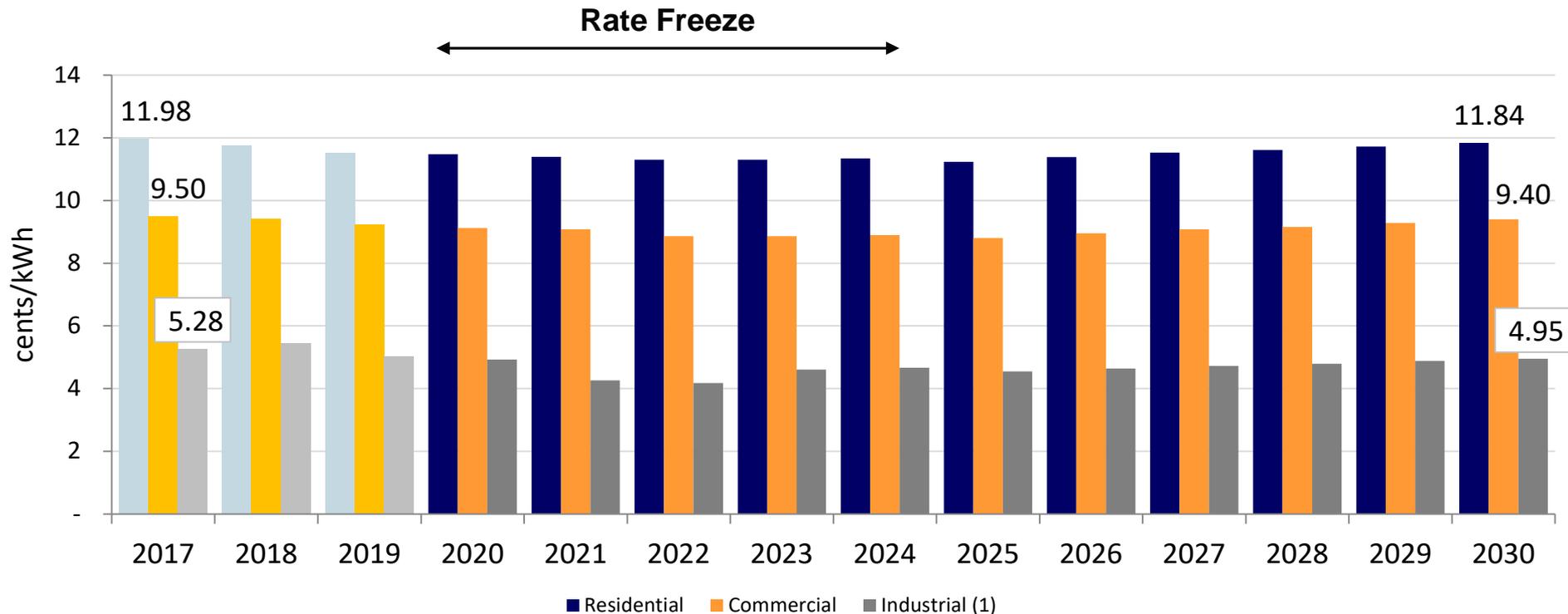
1. Cent/kWh are calculated for 2020 based on published rate schedules for 1,000 kwh customer using ORS "Historic Electric Residential Bills" data. 2020 data is most recent external data.
2. Cent/kWh are calculated for 2019 based on total commercial revenue divided by commercial sales (EIA). ORS data does not exist for this class.
3. Cent/kWh are calculated for 2019 based on total industrial revenue divided by **industrial** sales (EIA). **ORS data does not exist for this class.**
4. State average is composed of Dominion Energy South Carolina, Duke Energy Progress, and Duke Energy Carolinas for 2020 1,000 kwh/month customer for residential and average 2019 cents/kwh for commercial and industrial (EIA data used for average cents/kwh).
5. National averages are average rate per kwh for 2019 (EIA). Santee Cooper % below National avg is based on residential 2019 average rate per kwh.

**Low prices mean more disposable income for customers**

# ...And It Looks Like They'll Stay That Way



Over a decade of stable or declining prices



1. Industrial rates based on aggregate sales, including non-firm.

Creating certainty while others raise rates

# We Have Achieved Big Savings (2019-2020)



- Refinanced \$730 million for \$347 million in savings
- Paid off over \$700 million in long-term debt<sup>1</sup> - Our debt has gone down (not up) over \$600 million, net of new borrowings
- Board approved funding and committing an additional \$85 million to our Debt Reduction Fund for 2023 debt paydown
- Reduced projected fuel and operating expenses 13% - over \$160 million a year (5-year average), through prudent resource planning and aggressive work to capture lower commodity prices
- Reduced staffing 10% and executive ranks almost 20%
- Settled the Cook litigation, which provides customers \$520M in refunds and a 4-year Santee Cooper rate freeze

1. Includes \$156mm in executed 2018 defeasance

**Our customers will benefit from these savings**

# Operational Excellence



- Santee Cooper's reliability ranks #4 (top 1%) out of over 550 IOU and co-op utilities in the U.S.
- Santee Cooper's safety record has placed 1<sup>st</sup> among large utilities in American Public Power Administration (APPA), for 3 of last 4 years
- Santee Cooper has maintained APPA's top designation for operational excellence since APPA began awarding it in 2006

**An effective and efficient operation benefits customers**

- Santee Cooper recently bid 500 MW of new solar
  - Represents ~10% of existing generation
- Our 2020 Energy Resource Plan reduces coal 60%, increases renewables 400%, adds another 1,000 MW of solar by 2032, and reduces carbon emissions 55%
- We have recycled and beneficially reused over 4 million tons of ash and restored two major ash ponds to wetlands
- We had the first rooftop solar incentive program in South Carolina

**Building a leaner, greener future**

- “Without Santee Cooper, there would not be Volvo... Santee Cooper has been a partner to the Department of Commerce every day that I’ve been in the job.”  
- *SC Commerce Secretary Bobby Hitt, 2018*
- Through 2020, our economic development programs helped bring more than \$15.3 billion in investment and 83,000 jobs to the state
- This year alone we worked with state and local governments, co-ops and others and helped attract a projected \$609 million in investment and 1,300 jobs

**Working with partners to create value  
across the State**

- We operate a federal hydroelectric project essential from Charleston to Orangeburg, beyond I-95
- Santee Cooper owns and manages lakes Moultrie and Marion (170,000 acres), and 22,000 acres of associated lands
- These lakes support \$434 million in annual tourism spending and over 3,600 jobs
- These lakes also provide safe drinking water to more than 72,000 customers (~200,000 people) and that population is growing

**Managing water resources supports a healthy economy**

# Other Benefits



- Santee Cooper owns transmission poles, land rights and existing “dark” fiber that will be used to help create the “broadband backbone” for South Carolina
- Santee Cooper is fully supported by customer revenues and contributes 1% of gross revenues to the State every year (~\$17 million)

**Providing benefits for all South Carolinians**

- Our recent bond transaction resulted in:
  - An overall interest rate of 2.86% (the lowest-cost financing for Santee Cooper in recent years)
  - Refinancing savings of over \$330 million for customers
  - \$100 million of new proceeds for long-term system investments, while still contributing to an overall debt decline in 2020
  - An order book that was 5.5x over subscribed and included some of the world’s most sophisticated institutional bond investors
- The ORS verified the transaction complied with Act 135 Section 11(E)
- Santee Cooper’s “Stable A” credit ratings are in line with the top 4% of all investor-owned utilities in the nation

**Making sound financial decisions**

# We Anticipate...



- Keeping prices stable over the long term,
- Achieving substantial emissions reductions,
- Meeting increasing demand for drinking water,
- Maintaining focus on economic development, reliability, safety and stewardship,
- Providing critical infrastructure for broadband, and
- Working with the General Assembly to enhance transparency

**Santee Cooper is an asset of, and to,  
South Carolina**