

V.C. Summer Units 2&3 Litigation Has Been Settled to Benefit Customers

Three Key Takeaways:

- All major nuclear-related litigation has been resolved on terms that will benefit Santee Cooper customers.
- Santee Cooper is fulfilling obligations under the settlements and maintaining a reliable system along with the lowest residential electric prices among large utilities in South Carolina.
- Major credit rating agencies view the settlements as credit positive.

Several lawsuits were filed following Santee Cooper's July 31, 2017, decision to suspend its participation in constructing two new units (Units 2 and 3) at the V.C. Summer nuclear power plant in Fairfield County, S.C. As described below, all major litigation associated with the project has been resolved on terms that will benefit Santee Cooper's customers. Santee Cooper is fulfilling its obligations under these settlements, while maintaining a reliable system and the lowest residential electric prices among large electric power utilities in the state.

Cook v. South Carolina Public Service Authority et al.

Plaintiffs filed this class action in state court on August 22, 2017, on behalf of Santee Cooper's and the electric cooperatives' ratepayers against Santee Cooper, SCANA, and Central Electric Power Cooperative. The plaintiffs were seeking repayment of amounts paid by ratepayers attributable to the canceled V.C. Summer Units 2 and 3. Numerous amended complaints and responsive pleadings followed, including cross-claims filed by Central against Santee Cooper.

The parties resolved the claims asserted in this case along with claims asserted in *Glibowski v. South Carolina Public Service Authority et al.* The court entered a final order approving the settlement on July 31, 2020. Under the terms of the settlement agreement, Dominion Energy of South Carolina ("Dominion," which bought SCANA in 2018) and Santee Cooper will pay a total of \$520 million (\$320 million from Dominion and \$200 million, over three years, from Santee Cooper) to provide refunds to eligible Santee Cooper and co-op customers; Santee Cooper also locked its rates, consistent with those in its 2020 Reform Plan, through December 31, 2024. Members of the class received their first refunds (a check or bill credit) at the end of 2020 and are scheduled to receive another in late 2022.

In conjunction with resolving *Cook* and *Glibowski*, Dominion agreed to release any claims it had against Santee Cooper and indemnify Santee Cooper for any settlement of or judgment entered in other matters related to the V.C. Summer Units 2 and 3 Project.

Westinghouse Electric Company, LLC, as reorganized (WEC) v. South Carolina Public Service Authority

On April 5, 2019, WEC filed a complaint in the United States Bankruptcy Court for the Southern District of New York against Santee Cooper, claiming it was the owner of certain equipment

related to the construction of V.C. Summer Units 2 and 3. Santee Cooper challenged WEC's claim and maintained that it had title to the equipment. The parties agreed to resolve the litigation pursuant to terms which include Santee Cooper retaining 100% ownership of the non-nuclear equipment and each party receiving an agreed upon percentage of sale proceeds for the nuclear equipment. Santee Cooper has conservatively projected it will realize \$100 million from equipment sales and will use the sales proceeds to reduce debt.

Turka v. South Carolina Public Service Authority and Lonnie Carter

Plaintiffs filed this putative class action in federal court on April 15, 2019, asserting securities law claims against Santee Cooper and Lonnie Carter arising out of alleged misrepresentations made in Santee Cooper's Mini-Bond offering documents regarding the status of V.C. Summer Units 2 and 3. Specifically, the plaintiffs claimed the disclosure statements in the Mini-Bond offerings understated the risks associated with construction of V.C. Summer Units 2 and 3, resulting in artificially deflated interest rates. The proposed class included purchasers of Santee Cooper's Mini-Bonds from August 23, 2013 to July 31, 2017.

On November 20, 2020, the parties agreed in principle to a settlement in exchange for \$2 million; Santee Cooper also agreed to pay settlement administration costs of up to \$35,000. An order preliminarily approving the settlement and notice to class was entered on February 11, and a final hearing is scheduled for May 12.

Conclusion

These settlements provide certainty to Santee Cooper and its customers and ensure a financially healthy and secure asset for Santee Cooper's owners, the people of South Carolina. The settlements have been viewed by the rating agencies who assess Santee Cooper's creditworthiness as credit-positive developments and are a part of a clear path forward for Santee Cooper.