

Letter from the President and CEO

On Aug. 3, the Environmental Protection Agency released its final carbon-emissions rule. As I've noted in the past, the draft plan did not take into account the nuclear units being built by Santee Cooper and its partner SCE&G. Santee Cooper currently owns 45 percent of the new nuclear units.



We are pleased the EPA heard concerns raised by us, the state's electric cooperatives, the local governments and chambers of commerce in Berkeley, Georgetown and Horry counties, and our 36,000 customers who asked for proper credit for nuclear. While we are still evaluating the impacts of the revised rule, it is fairer to South Carolina and Santee Cooper now.

In addition to the nuclear units, which will bring 2,200 megawatts of reliable and emissions-free electricity to the state's grid, Santee Cooper has been strategically and proactively working to reduce emissions through a number of initiatives. For example, we've closed four coal units, added renewables and provided customers with rebate-centered energy efficiency programs.

These efforts alone will allow Santee Cooper to reduce our emissions by a projected 37 percent by 2030. That's a big deal, and it reflects our long-term commitment to environmental stewardship as we continue to generate low-cost, reliable electricity.

We've reached some other significant milestones this year that also reflect our environmental stewardship.

Our Environmental Intern Program welcomed its 25th class of students this summer, where they learn an electric utility's role in balancing the production and delivery of electricity with environmental matters.

In July, our GOFER (Give Oil For Energy Recovery) program also marked 25 years, with more than 30 million gallons of used motor oil collected. Those 30 million gallons have safely been converted into enough Santee Cooper electricity to power every average-sized home in the Palmetto State for 10 days.

We also celebrated the production of our 1 millionth megawatt hour of Green Power, which took place on Aug. 25. That's enough renewable energy to power more than 74,000 average-sized homes for a year. We sell that Green Power to customers who voluntarily sign up to purchase blocks each month. All Green Power sales support additional renewable energy resources throughout the state.

These are some of the ways Santee Cooper fulfills our mission to be the state's leading resource for improving the lives of all South Carolinians. They are legacies we can be proud of, and a foundation on which we will continue to build.



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For the Benefit of All

Quarterly Financial Report
for period ended September 30, 2015



Executive Summary

Third Quarter 2015 Compared to 2014

The financial results for the third quarter of 2015 showed a decrease of nearly \$36 million to the bottom line compared to the same period last year.

Operating Revenue decreased \$15 million when compared to the same period in 2014. The primary drivers for this were lower fuel rate revenues, combined with Central Cost of Service adjustments between the years. This quarter, kWh sales were up 1% over last year, from activity within Retail, Industrial, and Firm System Sales categories. Degree days were up 9% from the same quarter last year.

Operating Expense for the third quarter of 2015 was down \$19 million. The main contributor was lower fuel and purchased power costs due to a shift in the current year generation mix, along with reduced maintenance expense. Smaller variances were spread among the remaining cost categories.

Other Income decreased \$32 million compared with the third quarter of last year from a catch-up entry to amortize the remaining balance of the Pee Dee assets. The Fair Value of Investments increased \$500 thousand.

Interest Charges were higher by \$700 thousand compared to last year due to the impact of the 2014 and 2015 bond activity.

The \$8 million change in Costs to be Recovered from Future Revenue expense resulted primarily from an approved formula adjustment.

Overall, Reinvested Earnings for the third quarter showed a decrease when compared to the same period last year as a result of these factors.

Key Statistical Highlights

	<i>This Year</i>	<i>Last Year</i>
	<i>Current Quarter</i>	
Total MWh Sales	7,532,697	7,426,961
Number of Degree Days	1,378	1,263
	<i>For Month Ended September 2015</i>	
Distribution Reliability % (YTD)	99.9957	99.9965
Number of Retail Customers	173,627	171,087

Quarterly Statement of Reinvested Earnings

Millions of Dollars (Unaudited)

	<i>Current Quarter</i>		<i>12 Months to Date</i>	
	<i>Jul 1 - Sep 30</i>		<i>Oct 1 - Sep 30</i>	
	<i>This Year</i>	<i>Last Year</i>	<i>This Year</i>	<i>Last Year</i>
Operating Revenue	\$539.2	\$553.8	\$1,903.3	\$2,006.5
O&M Expense	354.8	374.1	1,355.8	1,433.3
Depreciation & Sums in Lieu of Taxes	45.6	45.1	181.0	187.3
Operating Expense	400.4	419.2	1,536.8	1,620.6
Operating Income	\$138.8	\$134.6	\$366.5	\$385.9
<i>Add:</i>				
Other Income	(7.9)	24.4	(27.9)	33.6
Net Increase (Decrease) in Fair Value of Investments	(0.2)	(0.7)	(0.7)	(2.8)
<i>Subtract:</i>				
Interest Charges	70.6	69.9	282.1	263.7
Costs To Be Recovered	17.2	9.7	(43.2)	14.7
Reinvested Earnings	\$42.9	\$78.7	\$99.0	\$138.3

Balance Sheet

As of September 2015 and 2014

Millions of Dollars (Unaudited)

<i>Assets</i>	<i>This Year</i>	<i>Last Year</i>
Utility Plant - Net	\$7,050.0	\$6,485.2
Long Lived Assets - ARO - Net	355.6	392.7
Investment in Associated Co.	8.0	8.3
Unrestricted Funds - Non-Current	0.0	0.0
Restricted Funds - Non-Current	125.3	119.5
Unrestricted Funds	702.4	851.4
Restricted Funds	1257.3	1228.7
Other Current Assets	1,051.9	867.3
Costs To Be Recovered	242.5	199.4
Regulatory Asset	489.4	447.5
Other Deferred Debits	287.1	199.5
Total Assets	\$11,569.5	\$10,799.5
<i>Liabilities</i>		
Long Term Debt - Net	\$7,004.1	\$6,400.7
Short Term Debt	506.0	223.4
Current Portion of L-T Debt	216.3	527.2
Other Current Liabilities	421.7	358.8
ARO Liability	1,056.2	1,041.1
Other Liabilities	136.4	97.8
Accumulated Reinvested Earnings and Capital Contributions	2,228.8	2,150.5
Total Liabilities and Capital	\$11,569.5	\$10,799.5

Quarterly Headlines

Santee Cooper board approves two officers

The Santee Cooper Board of Directors approved two new officers at its August board meeting: Marc R. Tye is now executive vice president of competitive markets and generation, and Thomas B. Curtis is vice president of generating stations.

Tye joined Santee Cooper in 1984 and has served in a number of capacities including manager of wholesale markets, manager of corporate analysis and pricing, and vice president of conservation and renewable energy. Most recently he was senior vice president of customer service.

Curtis joined Santee Cooper in 1998 and most recently managed Santee Cooper's continuous improvement program. He has also held supervisor and manager positions in transmission technical services and at Winyah Generating Station and Cross Generating Station.

Santee Cooper sets monthly record for pond ash recycling

Santee Cooper set a monthly record for pond ash reclaimed for recycling in June and has already reclaimed almost as much pond ash from three generating stations this year as it did in all of 2014.

Excavators reclaimed 47,864 tons of ash from ponds at Grainger, Jefferies and Winyah generating stations in June — more than in any other month since Santee Cooper launched an innovative beneficial use program to provide pond ash to manufacturers for use in concrete and cement products. In the first six months of 2015, Santee Cooper's ash pond reclamation program has provided 221,244 tons of pond ash for beneficial reuse, compared to 265,145 tons in all of 2014.

Santee Cooper teaches educators about power production

Santee Cooper provided hands-on experience in critical fields of the energy industry to South Carolina educators as part of its 30th annual Energy Educators Institute series.

This summer, 75 educators from across the state participated in this graduate-level course, receiving classroom preparation materials while gaining new knowledge and understanding about various complex topics, including the production of electricity and the opportunities and challenges of renewable energy. This was illustrated through field experiences and tours of Santee Cooper facilities.

Santee Cooper held three institutes this summer. Teachers represented 20 South Carolina counties including Aiken, Barnwell, Berkeley, Charleston, Chester, Chesterfield, Dillon, Dorchester, Florence, Georgetown, Greenville, Greenwood, Horry, Kershaw, Lancaster, Lexington, Orangeburg, Richland, Spartanburg and York.

Cover photo by Jim Huff