

South Carolina Public Service Authority

Revenue Obligations, Series 2016

Consisting of:

\$400,000,000* Tax-Exempt Series B

\$50,000,000* Tax-Exempt Refunding Series C

\$300,000,000* Taxable Series D



**Preliminary, subject to change*



Disclaimer



The electronic presentation you are about to view is provided as of June 22, 2016 for a proposed offering of the South Carolina Public Service Authority (“Santee Cooper”), Revenue Obligations, Series 2016 Consisting of Tax-Exempt Series B (the “2016B Bonds”), Tax-Exempt Refunding Series C (the “2016C Bonds”) and Taxable Series D (the “2016D Bonds” and together the “2016 Bonds”). If you are viewing this presentation after that date, there may have been events that occurred subsequent to such date that would have a material adverse effect on the financial information that was presented, and neither the Underwriters nor Santee Cooper has undertaken any obligation to update the electronic presentation. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice.

This Investor Briefing is provided for your information and convenience only. Any investment decisions regarding the Series 2016 Bonds should only be made after a careful review of the complete Preliminary Official Statement. By accessing this presentation, you agree not to duplicate, copy, download, screen capture, electronically store or record this Investor Presentation, nor to produce, publish or distribute this Investor Briefing in any form whatsoever.

This Investor Briefing does not constitute a recommendation or an offer or solicitation for the purchase or sale of any security or other financial instrument, including the Series 2016 Bonds, or to adopt any investment strategy. Any offer or solicitation with respect to the Series 2016 Bonds will be made solely by means of the Preliminary Official Statement, which describes the actual terms of such Series 2016 Bonds. In no event shall Santee Cooper be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained herein and such information may not be relied upon by you in evaluating the merits of participating in any transaction mentioned herein. You should consult with your own advisors as to such matters and the consequences of the purchase and ownership of the Series 2016 Bonds. No assurance can be given that any transaction mentioned herein could in fact be executed. Past performance is not indicative of future returns, which will vary. Transactions involving the Series 2016 Bonds may not be suitable for all investors. You should consult with your own advisors as to the suitability of the Series 2016 Bonds for your particular circumstances. Clients should contact their salesperson at, and execute transactions through, an entity of the Underwriters or other syndicate member entity qualified in their home jurisdiction unless governing law permits otherwise.

Presentation Participants



South Carolina Public Service Authority

Lonnie N. Carter

Chief Executive Officer

Jeff Armfield

Senior Vice President and
Chief Financial Officer

Michael Crosby

Senior Vice President
Nuclear Energy

Suzanne Ritter

Treasurer and Vice
President Corporate
Planning



Barclays – *Senior Underwriter*

Hiran Cantu

Director

Santee Cooper Overview



Our Business

- 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

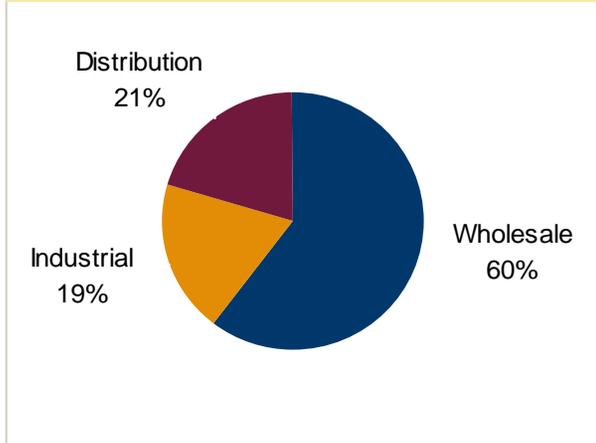
Our Rates

- Autonomous rate making ability
- Competitive wholesale and retail rates in state
- Automatic rate adjustment on over 75% of costs

Our Customers

- Retail and wholesale provider serving 2 million South Carolinians in all 46 counties
- Authority provided over 26,000 GWh in 2015 to its customers
- Largest customer is Central Electric Power Cooperative; providing approximately 58% of Authority's revenues

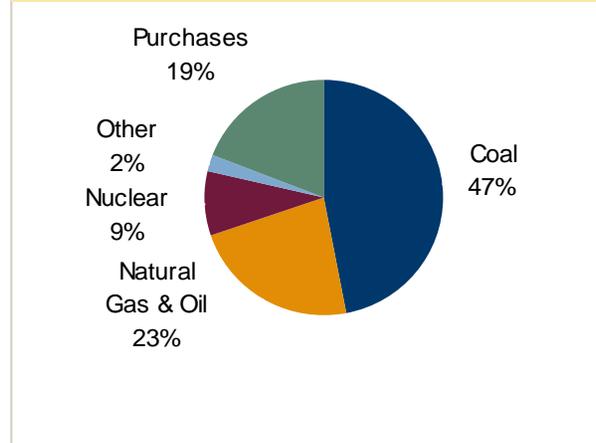
2015 Customer Composition (% of Revenue)



Our Assets

- Power supply comes from over 5,000 MW of owned generation
- Power supply portfolio is coal based; supplemented with natural gas and growing nuclear generation

2015 Energy Sources (MWh)



State Economy



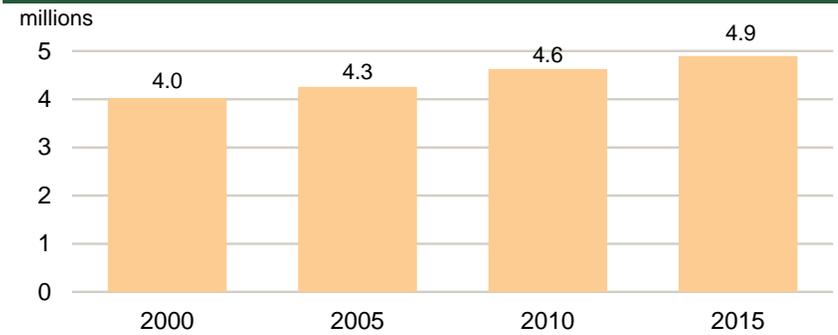
Santee Cooper's customers and energy sales are supported by a favorable South Carolina economy

Strong State Credit Ratings

	FitchRatings	MOODY'S	STANDARD & POOR'S
Rating	AAA	Aaa	AA+
Outlook	Stable	Stable	Stable

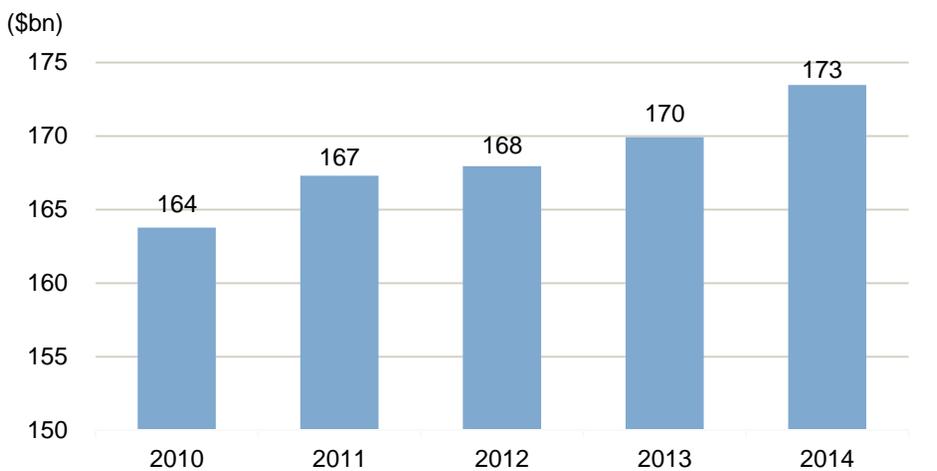
Source: Rating Agency Websites

Increasing State Population



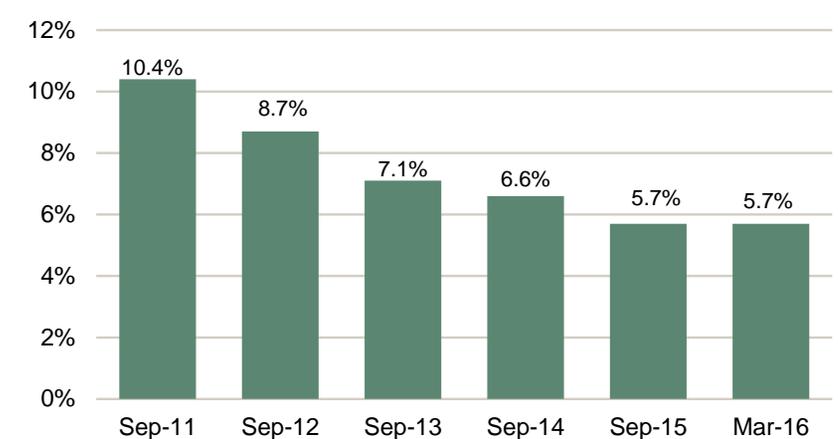
Source: US Census Bureau, Population Division

Growing State GDP



Source: Federal Reserve Economic Data. Real Total Gross Domestic Product. Chained 2009 dollars

Declining State Unemployment



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally

Customer Sales Update

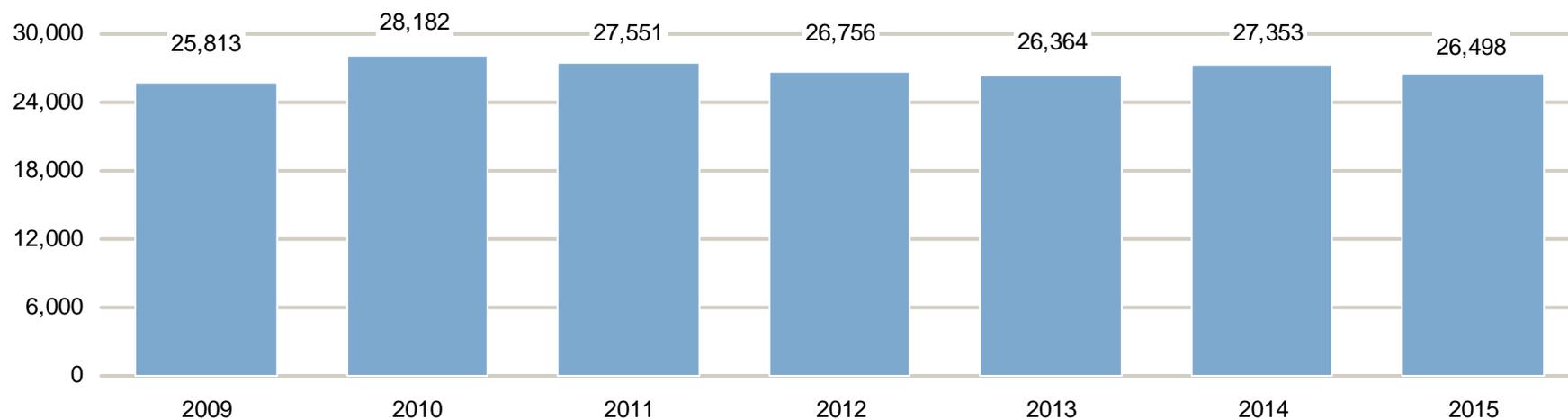


Santee Cooper energy sales are supported by steady customer growth

- In 2015, Santee Cooper sold approximately 26.5 thousand GWh
- Current energy sales are consistent with pre recession levels
- Energy sales since 2013 reflect a transition of a small portion of customers moving off the system (Saluda)

Stable Retail Customer Base		
	Residential	Commercial & Small Industrial
2009	133,229	29,752
2010	134,704	28,897
2011	136,047	28,600
2012	138,353	28,456
2013	140,126	28,687
2014	142,663	28,904
2015	145,208	28,815

Energy Sales (GWh)



Customer Developments



Volvo

- On May 11, 2015 Volvo Cars announced that Berkeley County, would be the location of its first American factory
- First vehicle expected to roll off the assembly line in 2018
- Santee Cooper expects this Central customer load to be approximately 100,000 MWh annually by 2020
- Expected to employ up to 2,000 over the next decade and 4,000 in the longer term



Century Aluminum (Formerly Alumax)

- Century Aluminum of South Carolina is a subsidiary of Century Aluminum Company and owns the Mt. Holly plant which has been a Santee Cooper customer since it opened in 1980
- The Authority executed a new contract that became effective February 2016 and extends through 2018
- Century reduced its capacity by 50% and now requires approximately 200 MW of power
- Santee Cooper supplies the power for 25% of Century's requirements under its firm industrial rate schedule;
- The remaining load is served under Santee Cooper's customer supplied power schedule. Under this schedule, Santee Cooper transmits all of the Company's requirements and Century has entered into a contract with an off system resource for the power
- The new contract includes early termination provision with 60 day notice



Nuclear Project Overview



The new nuclear units will help meet Santee Cooper's future energy requirements, diversify fuel mix and reduce GHG emissions

- Santee Cooper is partnering with SCE&G to construct two new nuclear units
 - 2,234 MW total; 1,117 MW each
- Santee Cooper will own 45% interest in the two units¹
 - 1,005 MW total; 503 MW each
- SCE&G is the Project Operator and will own remaining 55% of project¹
- Westinghouse Electric Company, LLC (WEC) is providing EPC services



¹. Does not account for sale of 5% interest to SCE&G commencing with COD of Unit #2

Recent Construction Milestones

Phase II work is progressing and several key construction milestones have been achieved

June, 2015
Unit 3
 Set Structural Module CA04



September, 2015
Unit 2
 Placed Turbine Building First Bay Basemat Concrete

March, 2016
Unit 3
 Set CA20 Sub Assemblies 3&4

May, 2016
Unit 3
 Set Structural Module CA05



July, 2015
Unit 2
 Set Structural Module CA01

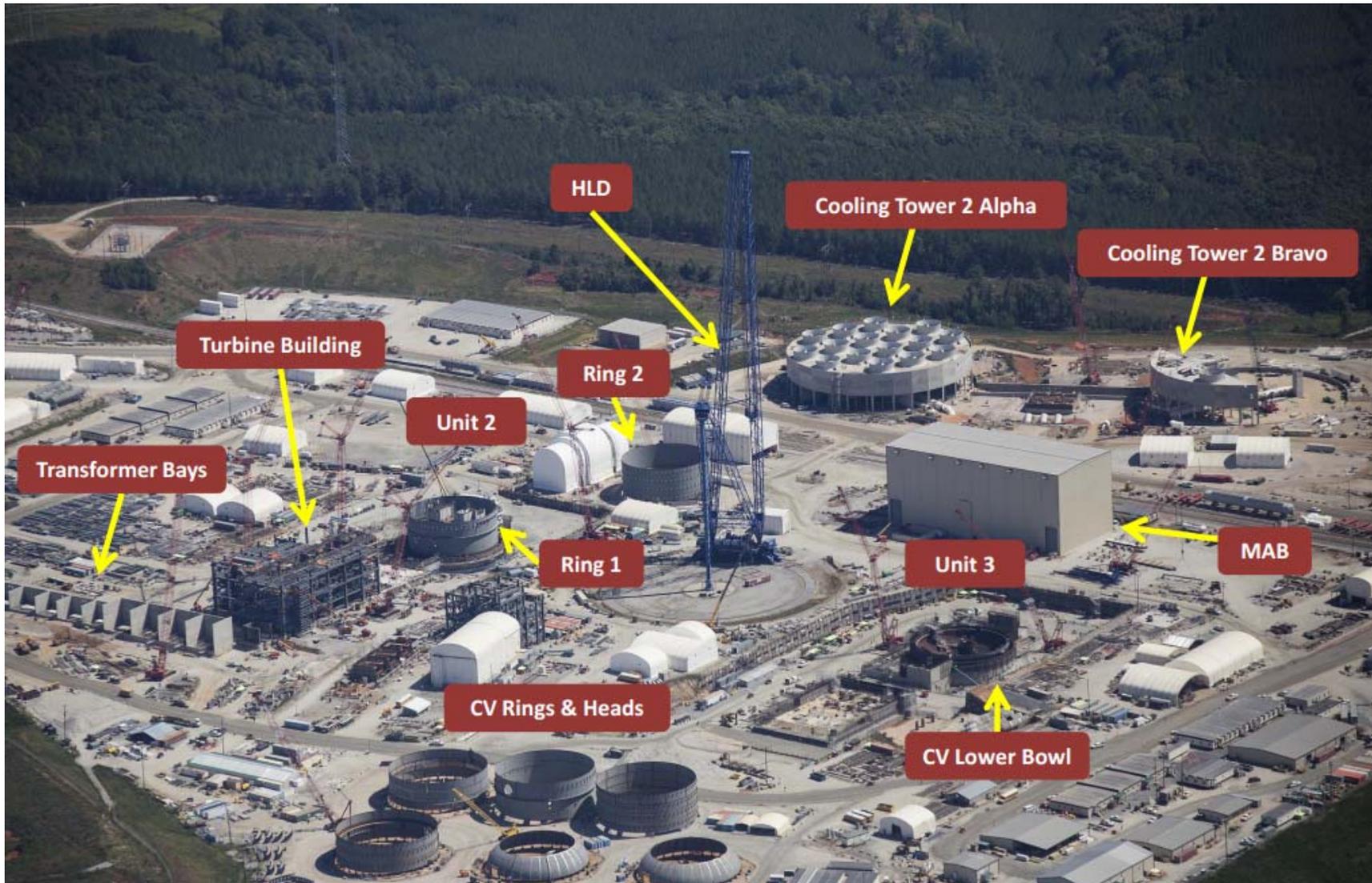


December, 2015
Unit 2
 Placed Turbine Generator Pedestal Concrete

April, 2016
Unit 3
 Set Containment Vessel Ring 1



Aerial Site – Winter 2016



Recent Development – Amended EPC Agreement



On December 31, 2015, the amendment to the EPC Agreement became effective

Amended EPC Agreement Provisions

- Resolves outstanding commercial disputes
- Revises guaranteed substantial completion dates
- Provides explicit definition for Change in Law designed to reduce likelihood of commercial disputes
- Enhances delay liquidated damages
- Provides for production tax credit completion bonus
- Modifies Consortium payment obligations
 - Releases CB&I parental guaranty
 - Affirms Toshiba guaranty to cover payment obligations of WEC and Stone & Webster
- Provides option to fix cost of project

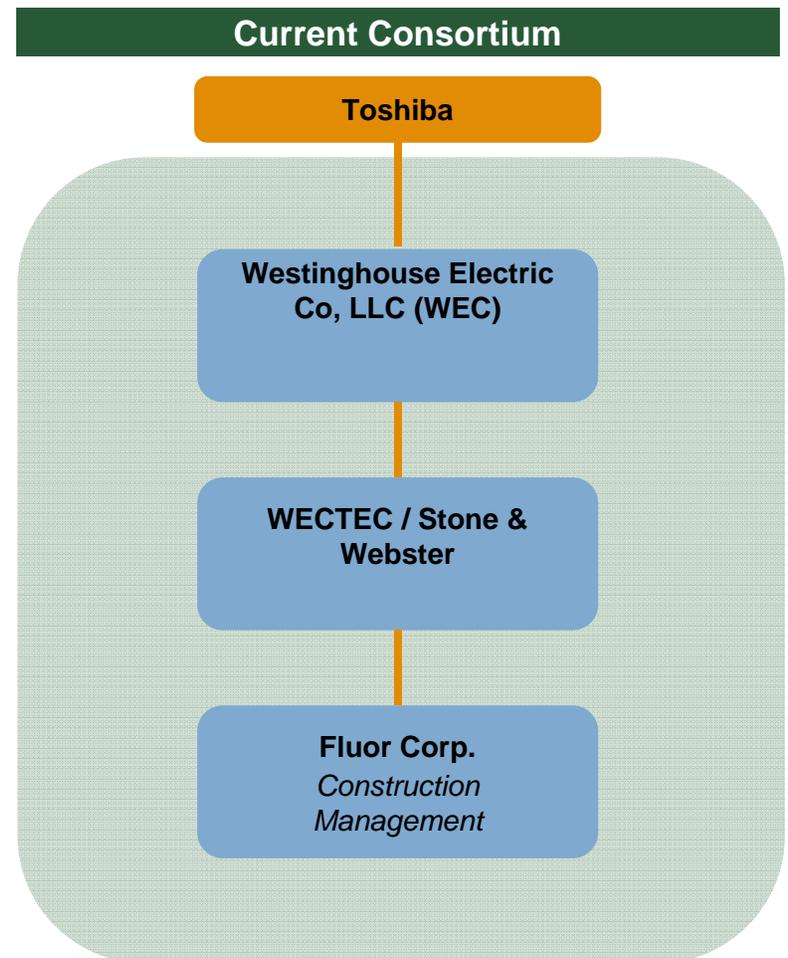
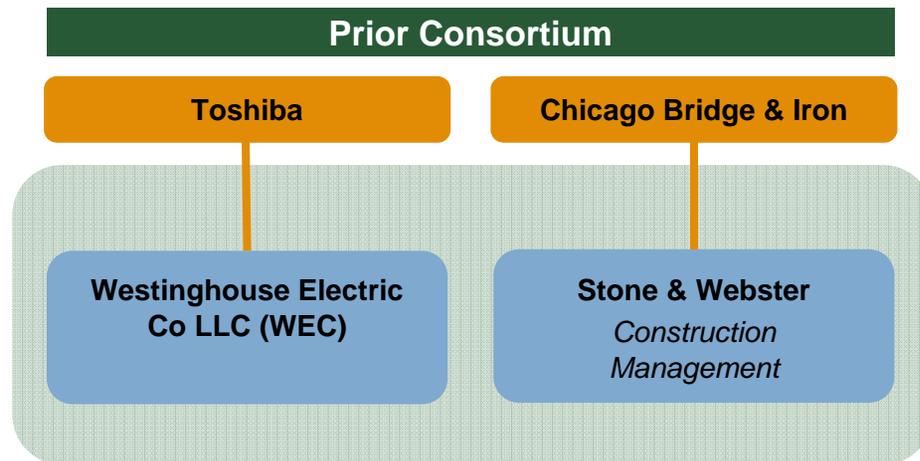
Fixed Price Option

- Irrevocable option that Santee Cooper must exercise by November 1, 2016
- Substantially fixes the amount to be paid to Consortium for its entire scope of work
 - Excluding an agreed upon list of items and a limited amount of work within the time and materials component of the contract price
- Option would add approximately \$1.1 billion to existing budget
 - The option is subject to approval by the South Carolina Public Service Commission
 - The option would be exercised by SCE&G and is also subject to approval by Santee Cooper
- Under review by Santee Cooper's Board; anticipate decision as early as the end of June

Recent Development – Project Consortium



A new Consortium is in place, including a new construction manager



- WEC formed new company (WECTEC)
- WEC acquired stock of CB&I Stone & Webster
- Stone & Webster contracted Fluor Corporation as Construction Manager

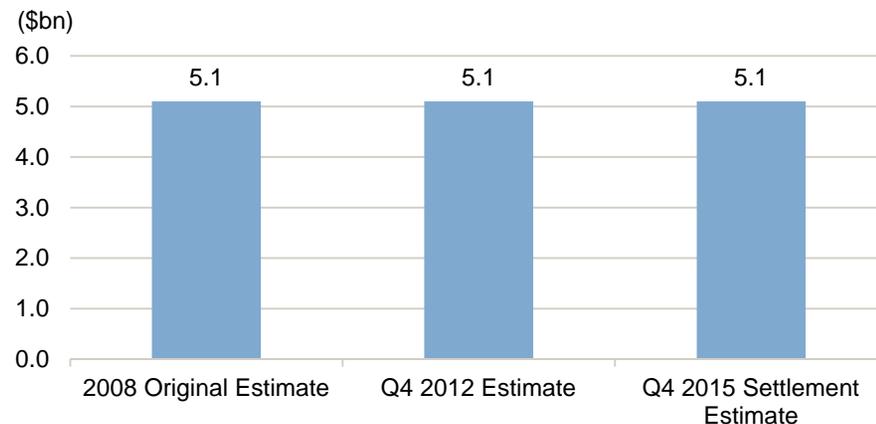
Updated Schedule and Cost



Santee Cooper and the Consortium are validating estimates of the current estimated cost and schedule

Project Costs

- The Authority's currently approved budget for construction cost is approximately \$5.1 billion including related transmission and initial nuclear fuel costs
- The cost of the project has remained consistent in the past few years
- There remains a potential for additional costs which could be mitigated by the fixed price option



Construction Schedule

- Substantial Completion Dates (Oct 2015 Amendment):
 - Unit 2 August 31, 2019
 - Unit 3 August 31, 2020
- New construction manager (Fluor) is validating existing target dates

Mitigants of Nuclear Project Delays



Santee Cooper has several mitigants to manage impact of project delays

Engineering Procurement and Construction (“EPC”) Costs



Fixed price option to cap EPC cost

Owner’s Cost



Liquidated damages in Amended EPC contract

Power Supply



Authority has ample capacity to manage delays of units coming online

Environmental Compliance Update



Santee Cooper is well positioned for existing and developing EPA regulations

Mercury and Air Toxic Standards

- Supreme Court remands MATS to lower court
- \$55 million estimated cost

Section 316B CWA

- \$9.6 million estimated cost

CAIR/CSPAR

- Already compliant
- No additional investment required

Coal Combustion/Effluent Limitation Guidelines

- Overlapping requirements related to ash ponds
- \$604.1 million compliance costs (2016-2024)

Clean Power Plan

- Proposal to reduce GHG emissions by 2030
- February 2016 Supreme Court issues order to stay the final rule
- Santee Cooper continues to work with other state stakeholders including DHEC and utilities to evaluate future CPP compliance
- Santee Cooper has several options for compliance

Recent Financial Results



2015 results were in line with expectations

Historical Financials						
(\$mm)	2010	2011	2012	2013	2014	2015
INCOME STATEMENT						
Operating Revenues	\$1,895	\$1,915	\$1,888	\$1,817	\$1,997	\$1,868
Operating Expenses	<u>1,509</u>	<u>1,556</u>	<u>1,572</u>	<u>1,524</u>	<u>1,619</u>	<u>1,501</u>
Operating Income	386	359	316	293	378	367
BALANCE SHEET						
Net Utility Plant	\$3,928	\$3,855	\$4,298	\$4,268	\$4,199	\$4,165
CWIP	938	1,231	1,644	2,101	2,713	3,362
Debt	5,314	5,468	5,887	6,820	6,959	7,732
Net Position	1,758	1,890	1,975	2,041	2,168	1,932
CASH FLOW STATEMENT						
Capital Expenditures	\$220	\$381	\$488	\$744	\$725	\$587

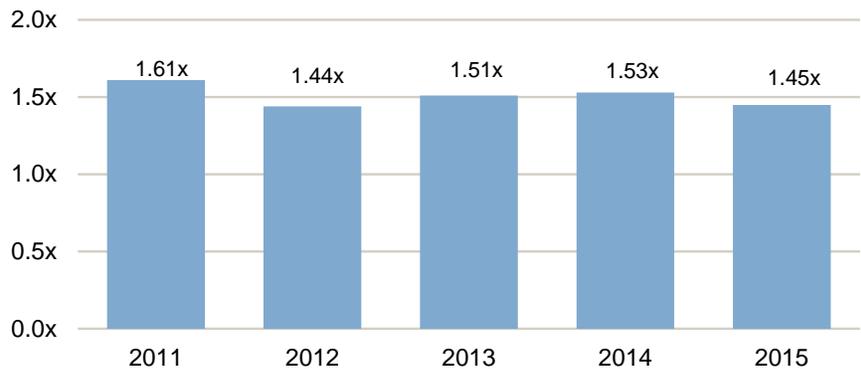
- On December 7, 2015, the Board approved a series of two rate increases
 - 5.3% effective April 1, 2016
 - 2.1% effective April 1, 2017

- In 2015, Santee Cooper incurred a liability of approximately \$270 million as a result of GASB 68

Financial Metrics

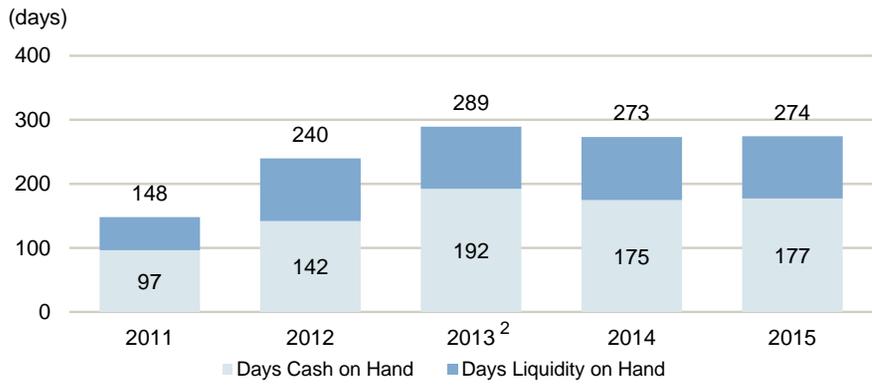
Santee Cooper is committed to maintaining strong financial metrics

Debt Service Coverage¹



1. Excluding CP and prior to Distribution to the State

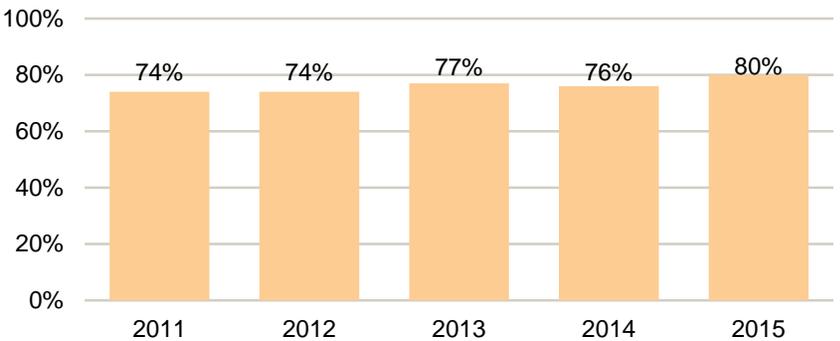
Liquidity



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

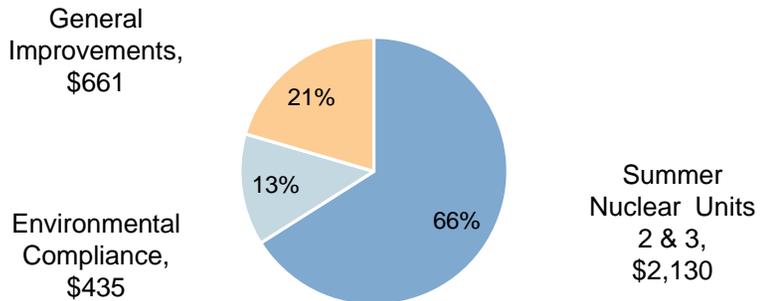
Leverage and Capital Plan

Debt / Capitalization³



3. Calculated as:
$$\frac{\text{Total Long Term Debt} + \text{Outstanding Commercial Paper}}{\text{Total Long Term Debt} + \text{Outstanding Commercial Paper} + \text{Net Position}}$$

Capital Spending 2016-2019 (\$ millions)



Total: \$3,226 million

Transaction Overview



	2016 Series B	2016 Series C	2016 Series D
Estimated Par	\$400.0* million	\$50.0* million	\$300.0* million
Tax Status	Tax-Exempt	Tax-Exempt	Taxable
Estimated Structure* (12/1 due dates)	Serial Bonds: 2027-2036 Term Bonds: 2041, 2046, 2056	Serial Bonds: 2022-2036	2023
Interest Payment Dates	June 1 and December 1		
Ratings	To Come		
Optional Redemption*	TBD	TBD	Make-Whole Call
Purpose	<ul style="list-style-type: none"> ➤ Retire certain Commercial Paper notes ➤ Fund capital improvement program 	<ul style="list-style-type: none"> ➤ Refund bonds 	<ul style="list-style-type: none"> ➤ Retire certain Commercial Paper notes ➤ Fund capital improvement program
Senior Manager	Barclays		
Co-Senior Manager	Bank of America Merrill Lynch		
Co-Managers	Goldman Sachs & Co., Morgan Stanley, J.P. Morgan, U.S. Bancorp, Wells Fargo		
Pricing*	Wednesday, June 29, 2016		
Closing*	July 20, 2016	October 13, 2016	July 20, 2016

* Preliminary, subject to change.

Key Contacts



Santee Cooper



Faith Williams

Administrator of Investor Relations & Risk Management

Phone: (843) 761-8000 Ext 4987

E-mail: faith.williams@santeecooper.com

Nan Cline

Debt Administrator

Phone: (843) 761-8000 Ext 5615

E-mail: nan.cline@santeecooper.com

Public Financial Management – Financial Advisor



Gene Devlin

Senior Director

Phone: (914) 282-1557

E-mail: devline@pfm.com

Michael Mace

Managing Director

Phone: (704) 541-8339

E-mail: macem@pfm.com

Barclays – Senior Underwriter



John Daniel

Managing Director

Phone: (212) 526-3508

E-mail: john.daniel@barclays.com

Hiran Cantu

Director

Phone: (212) 526-8026

E-mail: hiran.cantu@barclays.com