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FALSEHOODS:

Separating Facts from Fiction in Selling Santee Cooper

South Carolina Small
Business Chamber of
Commerce

Gullah Geechee Chamber
of Commerce

As our paper [“No Longer An Asset: How Santee Cooper is Failing South Carolina”](#) documented, Santee Cooper’s recent abuses of customers’ budgets, South Carolina’s political system and our environment make it clear that Santee Cooper customers and our state deserve better.

However, there are many good reasons – beyond the utility’s failures – that a sale of Santee Cooper would benefit customers and our state. Earlier this year, the South Carolina Department of Administration (DOA) selected a purchase bid by NextEra Energy as the best among all of the offerors. The NextEra offer would have erased the nuclear construction debt, reimbursed the two million Santee Cooper and co-op customers what they paid for the abandoned V.C. Summer nuclear project and shifted the utility dramatically away from coal. The legislature ultimately rejected all options on the table and instead decided that in the upcoming 2021 legislative session a final decision on the future of Santee Cooper – reform or sell – will be made.

We understand that NextEra is in the process of submitting a revised bid and for purposes of this report, NextEra is the presumed investor owned utility (IOU) used for comparison. We believe that any sale should reduce rates and remove from customers the debt piled up due to Santee Cooper’s mismanagement.

An investor-owned utility like NextEra could turn this mismanaged utility into a real asset. In fact, should NextEra offer a new bid it will be an opportunity to bring the world’s largest producer of wind and solar energy and one of America’s largest capital investors in infrastructure into South Carolina. A sale could prove transformative to the 200,000 customers Santee Cooper serves directly and the more than one million customers Santee Cooper serves through the electric membership co-ops throughout the state.



Should NextEra offer a new bid it will be an opportunity to bring the world’s largest producer of wind and solar energy and one of America’s largest capital investors in infrastructure into South Carolina.

With this document, the South Carolina Small Business Chamber of Commerce and the Gullah Geechee Chamber of Commerce expose the weakness of 15 specific arguments used by status quo proponents who want to keep the “rogue agency” a state government-owned and operated entity.

What the Facts Show

In the following pages you will find:

Clear evidence that IOUs can and do offer lower rates and cut costs for customers;



An explanation of how – when a purchaser pays off the \$6 billion-plus in Santee Cooper debt – regulatory oversight will ensure that the utility does not recoup that money from Santee Cooper customers;



Substantiation that Santee Cooper has no intention of reforming itself and providing transparency into its actions;



Signals suggesting that Santee Cooper’s “green transformation” is light years behind the national average, careening off-track, and a pittance compared to what a world-leading utility could bring to the state in renewable energy;

Data flying in the face of claims by Santee Cooper defenders that the state-owned utility alone holds the keys to effective economic development and community support;



Confirmation that management of the lakes and environmental stewardship will be as good, if not better, following a sale;



And much more.

Frank Knapp

President

South Carolina Small Business Chamber of Commerce, established in 2000, is a statewide non-profit advocacy organization with over 5,000 small business and entrepreneur supporters working to make state and federal government more small business friendly

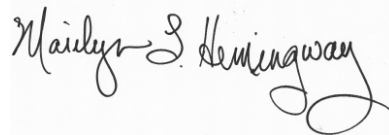


We believe you will find that the facts presented here firmly refute the most common arguments against a sale, while making the benefits of a sale even more clear.

Marilyn Hemingway

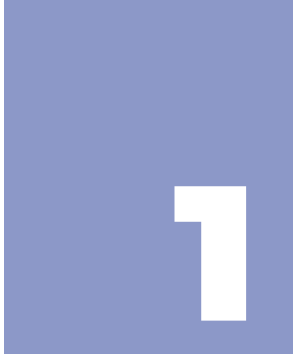
President

The Gullah Geechee Chamber of Commerce. The mission of the Gullah Geechee Chamber of Commerce is to raise global awareness, profitability and sustainability of African American businesses and other entities that support the Gullah Geechee community.



Gullah Geechee Chamber of Commerce
Makin' Somet'n from Not'n

Contents



FALSE:

Santee Cooper's rates are lowest in the state and lower than a for-profit utility can offer

“

We have the lowest rates in the state...

”

Santee Cooper Public Relations Specialist Tracy Vreeland.¹

According to Santee Cooper, its rates are nine percent lower than the state average and eight percent lower than the national average.²

bills based on 1,000 kWh monthly usage, Santee Cooper's rates are higher than Dominion, Duke Energy Carolinas and Duke Energy Progress.⁴

Santee Cooper cherry-picks from its three-tier rate structure to make its “lowest rates in the state” claim. In 2018, Cindi Ross Scoppe, then with *The State*, wrote, “So the best way to compare rates is by looking at the utilities’ revenue per kilowatt hour...” Ms. Scoppe used 2016 data from the SC Energy Office and found that Santee Cooper’s revenue per kilowatt hour was higher than Duke Energy or Progress Energy. This analysis “raises questions about how valuable a state-owned utility actually is,” said Ms. Scoppe.³

In an ironic admission of its lack of transparency and trustworthiness, Santee Cooper argues that the ORS analysis is incorrect because it does not include rate adjustment components that the utility does not make public.

More recently is the November 10, 2020, prefiled testimony by the Deputy Director of Energy Operations at the Office of Regulatory Staff (ORS) in Dominion Energy’s rate hearing. This SC Public Service Commission (PSC) testimony revealed that, according to the calculations of the agency that represents the public interest with regard to public utility services, Santee Cooper does not in fact have the lowest rates. In a comparison of residential

In a comparison of residential bills based on 1,000 kWh monthly usage, Santee Cooper's rates are higher than Dominion, Duke Energy Carolinas and Duke Energy Progress.

In 2019, Central Electric Power Cooperative, Santee Cooper’s largest customer, told the utility’s Board that Santee Cooper’s electricity costs were too high. Central Electric Cooperatives reaffirmed this opinion on November 11, 2020, when it decided to pursue

Dominion Energy South Carolina, Inc.
Residential Bill Comparison
Docket No. 2020-125-E

	Average Bill ¹
DESC (Rate 8) (Current)	\$122.31
DESC (Rate 8) (Company Proposed)	\$131.99
DESC (Rate 8) (ORS Proposed)	\$122.32
Duke Energy Carolinas (Schedule RS)	\$115.33
Duke Energy Progress (Schedule RES)	\$120.30
Lockhart Power Company (Schedule R) ²	\$134.45
Santee Cooper (Schedule RG) ³	\$125.87
South Atlantic 2019 Average (from EIA) ⁴	\$130.04

¹ Average bill based on 1,000 kWh monthly usage.

² Lockhart Rate does not include monthly changes to Schedule O.

³ Santee Cooper bill does not include non-public changes to FAC-17, DSC-17.

⁴ https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf

solar purchasing agreements on its own, instead of jointly with Santee Cooper, because it would result in “lower pricing of renewable resources for the benefit of our member cooperatives.”

NextEra’s Florida Power and Light (FPL) boasts rates 30 percent below the national average, far lower than Santee Cooper’s.

Santee Cooper supporters have long argued that a for-profit utility must charge higher rates because they need to make a profit. However, bond experts testifying at a SC Senate Judiciary Committee hearing in March 2020 made it clear that Santee Cooper also has rates that include costs and a “margin” (“profit”) above costs

that it passes on to ratepayers.

Many Santee Cooper supporters also claim that customers’ rates will go up if it is purchased by an IOU.

In fact, NextEra’s Florida Power and Light (FPL) boasts rates 30 percent below the national average, far lower than Santee Cooper’s. In May of 2020, as customers struggled to absorb the impacts of the coronavirus pandemic, FPL was able to provide a one-time bill decrease of nearly 25 percent for residential customers. This came after FPL implemented a nearly four percent voluntary rate reduction that went into effect in January of 2020.⁵ This performance is right in line with NextEra’s proposed immediate 18 percent reduction in Santee Cooper rates that it made in the IOU’s first bid offer.

NextEra has also demonstrated its ability to lower customer costs when acquiring another utility. Since purchasing Gulf Power in January 2019, NextEra has improved Gulf Power's reliability by 20 percent and reduced Operation and Management costs per retail megawatt

hour by 20 percent, while improving the OSHA recordable injury rate by 40 percent.⁶ This improved performance led to a one-time bill decrease of 40 percent for residential customers and a decrease of between 40-55 percent for business customers.⁷



FALSE:

A for-profit company will automatically raise rates

“

It is a fact that the sale of Santee Cooper would give a for-profit company the legal right to raise electric rates and begin a historic transfer of wealth from out of the pockets of our families and into the bank accounts of corporate raiders who look to gain \$Billions if a sale were to occur.

Senator Larry Grooms⁸

”

A for-profit utility, like NextEra, could not raise rates whenever it wanted to do so. It

Santee Cooper can and has raised rates with only the approval of its own Board.

would be required to go through a lengthy and costly regulatory process with the Public

Service Commission. It would have to document to the state regulators why it deserves a rate increase and a public hearing would be held which would allow for any group or person to intervene and argue against a rate increase.

Because it is a state agency not subject to regulation by the state, Santee Cooper can and has raised rates with only the approval of its own Board. It is not subject to regulations

NextEra would be required to go through a lengthy and costly regulatory process

or the need to get approval from the independent Public Service Commission. The public has no right to intervene or even participate in the decision-making process.

Presumably, any purchaser would be required to comply with the rate freeze required by the Cook class action lawsuit settlement, in

addition to any other rate accommodations a potential purchaser might make in a future bid.

As noted in the above section, NextEra has demonstrated its ability to lower customer costs when acquiring another utility. Since purchasing Gulf Power in January 2019, NextEra has improved Gulf Power’s reliability by 20 percent and reduced Operation and Management costs per retail megawatt hour by 20 percent, while improving the OSHA recordable injury rate by 40 percent.⁹ This improved performance led to a one-time bill decrease of 40 percent for residential customers and a decrease of between 40-55 percent for business customers.¹⁰



FALSE:
Santee Cooper is reducing the debt for customers

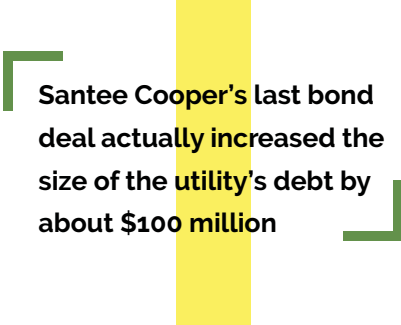


Our debt management plan continues to focus on reducing the overall amount of debt to capitalization and reducing our cost of debt when possible.



Santee Cooper¹¹

Santee Cooper has not reduced the utility's \$6.8 billion debt by buying new bonds to replace older, higher interest bonds. It is only reducing the interest rate on that debt, which includes \$3.6 billion in nuclear construction debt, by replacing older bonds. Any small



Santee Cooper's last bond deal actually increased the size of the utility's debt by about \$100 million

amount of principle being paid down is being – and will continue to be – paid by Santee Cooper customers as long as the utility remains a state agency.

However, Santee Cooper's last bond deal actually increased the size of the utility's debt by about \$100 million, an action characterized by Senator Hugh Leatherman as "malfeasance" and as "against state law" by Senator Shane Massey.¹² By adding more debt, Santee Cooper has reduced the next purchase offer for the agency, an outcome that would be favorable to those not wanting to sell the utility.

Simply put, Santee Cooper has no method for paying off the debt other than to pass it on to customers. If Santee Cooper miraculously eliminated all interest payments on its debt, each and every Santee Cooper and co-op customer would still have to pay thousands of dollars more for the state agency's debt.

NextEra's first bid offer proposed to eliminate all the debt, including nuclear and operational debt, from the responsibility of the ratepayers. The Santee Cooper customers would pay no interest or principle on the utility's \$6.8 billion debt.

4

FALSE:

Any for-profit utility debt relief now for Santee Cooper customers will just be recovered from ratepayers later by that utility

“

Yes, stockholders of the purchasing company will float the debt, but if you believe they won't claw all of that money — and more — back from ratepayers, perhaps I can interest you in a couple of nuclear reactors; some assembly required.

”

Cindi Ross Scoppe, *Charleston Post and Courier*¹³

If debt relief is part of a Santee Cooper sale approved by the legislature, it is a legally binding customer benefit and would be enforced by the PSC. An IOU like NextEra would be a regulated utility with any rate increase requiring PSC approval. The PSC would ensure that none of the debt relief would ever be passed on to the ratepayers.

NextEra would be a regulated utility with any rate increase requiring PSC approval. The PSC would ensure that none of the debt relief would ever be passed on to the ratepayers.

This protection for the ratepayer is being played out in the Dominion Energy South Carolina (Dominion) 2020 proposal for a rate hike. The SC Office of Regulatory Staff has reviewed the Dominion proposal and determined that the utility is not including any unallowable expenses to justify its requested rate hike. For example, ORS has confirmed that Dominion is not requesting a rate increase that would include any additional charges for the \$2.3 billion debt relief Dominion promised to ratepayers when acquiring SCANA. While any debt relief to the ratepayers does not magically make the debt go away for the utility, IOU's that have sufficient cash-on-hand to buy a smaller utility and its debt do so as a long-term investment.

5

FALSE:

Santee Cooper will reform itself to allow for oversight and transparency

“

I am committed to working with the state and our customers to rebuild that trust.

”

Santee Cooper President and CEO Mark Bonsall ¹⁴

Once dubbed a “rogue agency” by South Carolina Governor Henry McMaster, Santee Cooper promised in its Reform Plan to be more transparent and allow for better oversight. That has not happened, even with its two new executive leaders.

The agency’s most recent action to take on more debt, called malfeasance and possibly illegal by powerful state senators, once again has demonstrated Santee Cooper’s lack of transparency and intentions of maintaining its lack of accountability.

Last year Santee Cooper took deliberate actions to delay the legislature from considering the sale of the utility. On February 13, 2020, the SC Department of Administration told a joint Senate and House committee that Santee Cooper’s obstructionist tactics of non-cooperation delayed the DOA’s final report by two months and probably discouraged some potential bidders for buying the utility from participating.¹⁵

“The board’s desire to be unaccountable to lawmakers, the governor and the public continues to prevent any measure of success at Santee Cooper.”

In 2020, Santee Cooper again obstructed and delayed the legislative process – during an emergency session to extend the state budget during the coronavirus pandemic¹⁶ no less – by first sending false and misleading emails to legislators and then, along with some Senate supporters, promoted a filibuster and refused to work with legislators.

After the latest obstructionist action, Speaker of the House Jay Lucas wrote to the Chair of the Santee Cooper Board:

“...the issuance of \$100 million in new debt is not a matter to be taken lightly. At any point during the development of the transaction, Santee Cooper could have asked the oversight committee established by Act 135 or ORS to review the matter for compliance. Instead,

ratepayers, the public and those responsible for the oversight of Santee Cooper learned about this transaction from a five-minute discussion during a Santee Cooper Board meeting. This falls well short of the transparency that Santee Cooper owes South Carolinians and falls well short of what I and other members of the General Assembly expect.

“This continued failure to be fully transparent demonstrates a lingering disdain for any oversight at Santee Cooper, which in my view, is the root cause of this state agency’s failures. The board’s desire to be unaccountable to lawmakers, the governor and the public continues to prevent any

measure of success at Santee Cooper.”¹⁷

Senate Majority Leader Shane Massey told the press that Santee Cooper’s leadership “is not completely forthcoming. They don’t share regularly situations they find themselves in with elected leadership. They aren’t transparent. They aren’t accountable.”¹⁸

Only a regulated IOU can be required to provide the transparency the public and legislators expect and be subject to the oversight of an independent, professional regulatory body to protect South Carolina consumers from unjustified expenses that characterize the “rogue agency.”



FALSE:

Santee Cooper is quickly going green



The percentage of Santee Cooper’s electricity generated by coal will fall from roughly 52 percent to around 30 percent by 2033, according to the new forecast.



Santee Cooper¹⁹

Santee Cooper has given lip service to increasing its use of solar energy since 2010 when the utility promised to have 200MW of renewable generation by the end of 2020. But by 2019, renewable generation – including hydro – made up only 2.74 percent of Santee Cooper’s fuel generation mix. ²⁰

Not until the state legislature threatened to sell Santee Cooper did the utility propose closing its coal plants over the next decade.

The reason Santee Cooper was not serious about “going green” was because it had no intentions of closing its coal plants and therefore did not need additional electricity.

In April of 2019, Santee Cooper’s public relations representative Tracy Vreeland said at a townhall meeting in Myrtle Beach that “Santee Cooper does not have plans to shutter the two remaining coal plants in the state.” Not until the state legislature threatened to sell Santee Cooper did the utility propose closing its coal plants over the next decade.

But even Santee Cooper’s new timeline for achieving 1,500MW of solar power by 2023 is slipping by two years according to Santee Cooper documents presented at an October 19, 2020, meeting of the Board of Directors.²¹ The recent decision by Central Electric Power Cooperative,²² Santee Cooper’s largest customer, to pursue solar power purchase independently, will likely lead to additional slips in Santee Cooper’s solar timeline, or perhaps its overall commitment.

This is just further confirmation of the SC Department of Administration’s conclusion about Santee Cooper’s commitment to change after reviewing the utility’s proposal to reform itself: “Santee Cooper does not have a history of effecting the kinds of changes contemplated by the Reform Plan.”²³

On the other hand, if the state’s goal is to dramatically change Santee Cooper’s energy mix to renewables, NextEra Energy is the world’s largest producer of wind and solar energy and one of America’s largest capital investors in infrastructure, with more than \$50 billion in new infrastructure investments planned through 2022.

FPL’s generation fleet is one of the cleanest and most efficient in the country, saving customers more than \$10.5 billion in fuel costs and eliminating nearly 150 million tons of CO2 emissions since 2001, which represents a 35 percent reduction. In 2019, FPL announced its ‘30-by-30’ plan to install 30 million solar panels in Florida by 2030, representing one of the largest solar expansions in the world.²⁴

Since NextEra acquired Gulf Power in 2019, Gulf Power has made its debut on the Southern Alliance for Clean Energy’s Solar in the Southeast Report as a SunRiser. Sunrisers are utilities that demonstrate the highest solar ambition over the four-year forecast period.²⁵

7

FALSE:

Selling Santee Cooper will threaten the retirement benefits of current and retired employees

“

Employees and retirees alike say a sale could threaten their pensions and health insurance benefits, in addition to their jobs.

”

*The State*²⁶

The state pension system for Santee Cooper and all state employees is not properly funded.²⁷ This is a potential financial crisis for all state employees current and retired. How the legislature addresses this problem in the future should be a financial security concern for Santee Cooper and all state employees who intend to use or are using the state retirement system.

NextEra’s proposal to purchase Santee Cooper addressed this financial problem for Santee Cooper’s current and retired employees. It did so by requiring the State to pay for the current unfunded pension and other liabilities of the State retirement system for active and inactive Santee Cooper employees out of a cash payment from NextEra and/or cash on Santee Cooper’s balance sheet that the State would retain at the close of the sale.

As a result of Santee Cooper’s sale to NextEra, Santee Cooper retired employees will have the retirement security they currently do not have.

As a result of Santee Cooper’s sale to NextEra, Santee Cooper retired employees could have the retirement security they currently do not have. Santee Cooper’s current employees would also have their retirement program on financially solid ground. Those Santee Cooper employees retained by NextEra would be given vesting credit for prior Santee Cooper service and would be eligible for NextEra’s defined benefit pension plan as well as NextEra’s 401(k) plan with employer matching contributions.

8

FALSE:

A private owner of Santee Cooper will not take care of the lakes and the environment

“

A buyer could opt to surrender the federal operating license for the power stations, which could trigger an order from regulators to remove the dams and dikes that created the lakes nearly 80 years ago, Santee Cooper senior vice president Pam Williams told a special panel looking at a possible sale.

”

Pam Williams, Santee Cooper senior vice president²⁸

When a regulated lake changes hands, the new lake licensee must follow the same rules as the old licensee according to the Federal Energy Regulatory Commission (FERC).

This fear mongering on lakes has no basis in reality.

When a regulated lake changes hands, the new lake licensee must follow the same rules as the old licensee according to the Federal Energy Regulatory Commission (FERC), which regulates the Santee Cooper lakes.²⁹ Michele Wheeler, who would lead the new entity should NextEra purchase Santee Cooper, has said the company has no plans to change

the way the lakes are managed – from environmental stewardship to honoring lots of land currently leased through Santee Cooper.³⁰

NextEra has a long history of operating hydroelectric facilities under Federal Energy Regulatory Commission license and performing all the responsibilities such licenses entail, including maintaining public access, shoreline management, vector management and park maintenance for hundreds of FERC and non-FERC licensed public recreation sites.

- Provided public access to whitewater rafting and trails
- Optimized river flows to promote angler fishing
- Donated lands along the Kennebec River to place them in conservation easements to prohibit development

- Donated high-value shoreline properties to the state of Maine for conservation
- Promoted wetland preservation by working with the U.S. Fish and Wildlife Service to implement a 15-year wetland monitoring plan at Moosehead Lake

NextEra’s efforts also included education and outreach, including engagement with local schools and participation in and contribution to research projects related to archaeology, loons, fisheries, turtles, mercury, water quality, macro-invertebrates, wetlands,

nesting birds, recreation use, hydropower engineering and renewable energy.³¹

And, in stark contrast to the mercury contamination many attribute to Santee Cooper’s coal-burning plants that is present throughout South Carolina waterways,³² NextEra has been an industry leader in protecting the environment for many decades and continues to demonstrate its commitment by investing in low and zero-emissions generation and supporting environmental conservation and research.³³



FALSE:

An investor-owned utility will not promote economic development like Santee Cooper does



Santee Cooper’s strong commitment to economic development comes from the mandate given to us by the legislature and set out in our enabling legislation.



Santee Cooper³⁴

Economic development is an important part of how utilities do and grow business. As Scott Carlberg of Energy Consumers of the Carolinas writes, “A better business environment brings a more stable economy, good workforce and more predictable sales for the business of

a utility. Lots of people win, including the public when [economic development] is done well.”³⁵

Yes, for decades after its origins in 1935 Santee Cooper played an important role in

growing the rural economy in South Carolina when no investor-owned utility would provide electricity to those non-profitable areas of the state. But those days are long gone. Santee Cooper has not only lost its exclusive role in rural economic development, it has taken actions to harm local economies.

In a riveting example of reverse economic development, Santee Cooper has, for the past several years, been willing to risk 300 current jobs at the Mt. Holly Century Aluminum plant and \$500 million to the Berkeley County economy because it will not allow Mount Holly to obtain less costly electricity on the open market for all its energy needs. Had Santee Cooper done so, the plant would have already doubled its workforce and its economic impact.³⁶



Santee Cooper has not only lost its exclusive role in rural economic development, it has taken actions to harm local economies.

Instead, the Mt. Holly plant announced plans to shut down at the end of 2020 if an agreement could not be reached to obtain its electricity at lower cost. Rather than being blamed for deliberately causing the loss of more jobs, Santee Cooper finally did what it could have done a long time ago and agreed to sell its excess capacity generated by the Winyah coal plant at a lower price to Mt. Holly. Negotiations on this new power agreement are ongoing.

An investor-owned utility like NextEra wants to grow its revenue by encouraging economic development, especially industrial and commercial development. NextEra's Florida Power & Light was named in 2019 by Site Selection magazine as one of the "Top U.S. Utilities in Economic Development."³⁷

That is why NextEra, in its bid to purchase Santee Cooper earlier this year, expressed its commitment to continue to support the State's effort to attract and retain businesses, including the establishment of an economic development team in South Carolina to work closely with government officials and assist with the development of economic incentives, and to ensure that Santee Cooper continues to provide the economic development tariff it has historically provided to the state in lieu of taxes.³⁸

As one of the largest infrastructure development companies and largest capital investors in the U.S., NextEra's investments create significant economic benefits. NextEra paid nearly \$1.6 billion in state and local taxes and business-related fees in 2019 that support the communities where it operates. FPL's Office of Economic Development helps energize economic opportunity in its service area by serving as a one-stop resource for businesses considering expansion, promoting Florida's economic growth.

NextEra is committed to supporting locally based suppliers and in 2019 spent more than \$1.3 billion with suppliers based in Florida.³⁹

10

FALSE:

Selling Santee Cooper will decimate jobs and hurt the local economy

“

When you look at South Carolina and the amount of unemployed people – now is not the time to sell the utility.

Senator John Scott ⁴⁰

”

Both Santee Cooper and NextEra have acknowledged that the future for Santee Cooper requires a reduction in employees.

Dominion Energy offered to SCE&G employees when it acquired that utility. In addition, Santee Cooper employees also would have the opportunity to move to openings at other NextEra operations.⁴¹

Both Santee Cooper and NextEra believe the majority of the jobs estimated to be eliminated can be met by eliminating jobs that are currently not filled and through scheduled retirements.

While there may be some involuntary reductions, NextEra’s CEO Jim Robo confirmed in testimony before the legislature that the company’s intent is to keep any involuntary reductions as low as possible and the company has pledged to work with any employees involuntarily separating to support job searches and retraining.

Much of the downsizing for both Santee Cooper and NextEra will come from the closing of coal plants.

Both Santee Cooper and NextEra believe the majority of the jobs estimated to be eliminated can be met by eliminating jobs that are currently not filled and through scheduled retirements. In addition, NextEra would offer enhanced retirement packages much like

11

FALSE:

Santee Cooper's community engagement and support cannot be met or exceeded

“

Santee Cooper has maintained a tradition of giving back to the communities and people of South Carolina.

”

Santee Cooper⁴²

Santee Cooper does not own the concept of community engagement and support. In fact, most utilities provide significant positive impact to the communities in their service areas.

As part of its bid, NextEra committed to maintaining Santee Cooper's charitable contributions⁴⁴ and signaled its interest in increased investment in South Carolina and its communities.

For NextEra Energy, supporting local communities starts with its customers.

FPL's "Care to Share" program has provided support to customers in time of crisis with more than \$25 million raised for the program to help Florida families pay their electric bills during the current pandemic. In 2019 alone, NextEra and its employees contributed more than \$18 million to support the well-being of the communities where they work.⁴³

NextEra committed to maintaining Santee Cooper's charitable contributions.

12

FALSE:

Santee Cooper can successfully implement its Reform Plan

“

The rest of the company has learned that lesson deeply and you have generations of employees that will never forget this experience.

Santee Cooper
President and CEO
Mark Bonsall, talking
about the V.C. Summer
nuclear fiasco⁴⁵

”

To be clear, Santee Cooper employees were not responsible for the nuclear construction disaster brought about by mismanagement and deception of the utility’s past executives and board. Neither are the employees responsible for the current leadership’s arrogance, bad management, obstructionist tactics and lack of transparency. When people refer to “Santee Cooper” they are not talking about the rank and file employees who work every day to provide quality service to the utility’s customers.

future has been discussed following the abandonment of the nuclear construction project.

Over and over again Santee Cooper has acted to undercut the legitimate legislative process of addressing the future of the utility. Following the latest Santee Cooper-created controversy about the utility taking on more debt in defiance of legislative and court instruction, the utility’s response was that it would “be happy to work with them (legislators) to resolve concerns.”⁴⁶ In response, Senate Majority Leader Shane Massey said, “That’s been one of the big issues this whole time—Santee Cooper does these things, and they don’t tell anybody, and then they come and say, ‘We’ll do better next time.’”⁴⁷

“Santee Cooper does not have a history of effecting the kinds of changes contemplated by the Reform Plan.”

It is Santee Cooper’s management that has continuously demonstrated the accuracy of the Department of Administration’s conclusion that “Santee Cooper does not have a history of effecting the kinds of changes contemplated by the Reform Plan,” even as the utility’s

In comparison, NextEra and its utilities have received multiple awards and recognitions attesting to its record of success and position as a trusted partner to its customers, employees and business associates. In December 2020, Utility Dive named NextEra Energy the Utility of the Year, citing NextEra as being “best in class” as “they’ve kept bills

low and their reliability is high,”⁴⁸ while S&P Global Platts recognized NextEra Energy with its 2020 Energy Transition Award, recognizing the company’s leadership in environmental, social and governance.⁴⁹

In 2019–2020, NextEra Energy was ranked No. 1 in the electric and gas utilities industry on Fortune magazine’s list of World’s Most Admired Companies for the 13th time in 14 years. Fortune magazine also recognized

NextEra Energy as among the top 20 companies worldwide, across all industries, for innovation, people management and quality of management, as well as among the top 10 companies worldwide for social responsibility. FPL was named among the 2020 Most Trusted by Escalent, a top human behavior and analytics firm. FPL ranked as the most trusted electric provider in Florida and fourth among its electric utility peers nationwide.⁵⁰



FALSE: Santee Cooper is financially stable



Our financial position remains very strong.



Santee Cooper⁵¹

Santee Cooper has repeatedly reported in its board meetings that demand is down, and revenues are down.⁵²

Santee Cooper is underinvesting in maintaining its asset base by \$150 million per year.

A September 2020 independent financial analysis of Santee Cooper published by the Palmetto Promise Institute found that through 2029, Santee Cooper will be underfunded by \$525 million, that the utility is relying on reissuing \$4.2 billion in callable debt as a condition of its reform plan and that Santee Cooper is underinvesting in maintaining its asset base by \$150 million per year.⁵³

On the other hand, NextEra is the largest publicly traded utility holding company globally with a market capitalization of approximately \$125 billion as of January 17, 2020. NextEra is listed on the New York Stock Exchange under the ticker “NEE” and has been in continuous existence since 1925, when it was originally organized as Florida Power & Light. NextEra currently has high investment grade credit ratings of A-, A-, and Baa1 from

S&P Global Ratings, Fitch Ratings, and Moody’s Investors Services, respectively. As the SC DOA concluded, NextEra has full financial capabilities to complete the transaction, including elimination of the V.C. Summer debt and Santee Cooper’s operational debt and refunds for Santee Cooper customers.⁵⁴ The utility also has the resources to make considerable investments in South Carolina for clean, renewable energy.



FALSE:

No IOU can provide Santee Cooper’s level of safety, reliability and storm preparedness



The safety of our employees is Santee Cooper’s top priority.

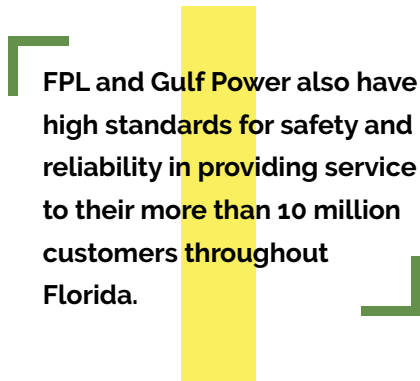


Ken Lott, Santee Cooper Chief Administration Officer⁵⁵

Safety and reliability are top priorities for any utility. Santee Cooper cites annual safety awards and reliability results from customer surveys. However, the recent financial analysis conducted by Kathleen Grace, PhD on behalf of Palmetto Promise Institute warned that the recurring theme of Santee Cooper underfunding capital expenditures by approximately \$150 million per year could be a warning sign that its asset base could

be eroding due to ongoing deferral of facility maintenance and investment in infrastructure.⁵⁶

FPL and Gulf Power also have high standards for safety and reliability in providing service to their more than 10 million customers throughout Florida. NextEra’s experience and history of managing hurricanes and natural



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disasters in Florida has provided the company with the skills and capabilities to remain focused on safety, execution and the importance of providing an essential service to customers during these events.⁵⁷

In November 2020, FPL was awarded the ReliabilityOne™ National Reliability Award, presented by PA Consulting, for an unprecedented fifth time in six years;

FPL also earned the Outstanding Reliability Performance Award for the Southeast region⁵⁸ while FPL’s sister company, Gulf Power, won its first-ever Reliability Award, illustrating marked improvements in reliability since its acquisition by NextEra.⁵⁹

FPL delivers award-winning reliability in part due to smart devices which help prevent outages and shorten restoration times when outages occur. Last year, FPL exceeded the important milestone of strengthening or undergrounding 50 percent of its main power lines and the company continues its efforts to complete the strengthening of all remaining main distribution power lines, which deliver energy to neighborhoods. Between 2019 and 2021, NextEra is investing nearly \$100 million in in storm hardening and reliability improvement efforts at Gulf Power.⁶⁰

15

FALSE:

Santee Cooper is recognized for its racial diversity and inclusion

“

We report demographics and are ranked annually among the top state agencies by the SC Human Affairs Commission for having a workforce reflective of its community.

”

Santee Cooper ⁶¹

Neither Santee Cooper’s rank and file employees nor its Board and middle management reflect the demographics of South Carolina or the Santee Cooper community.

As detailed in “No Longer an Asset,” while 27 percent of South Carolinians are Black, only 16.5 percent of Santee Cooper employees are

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Black, none of the utility’s 10-member Board are Black (only one is a female) and only in May 2020, was the first Black promoted as one of the state agency’s 7 top executives (only two of the executives are female).

Search for “diversity” on Santee Cooper’s website and you’ll get results about diversity of energy generation, but next to nothing about Santee Cooper’s support of women, African Americans or other minorities.⁶²

In 2020, NextEra was recognized by Forbes magazine as one of America’s Best Employers for the fourth consecutive year and as one of America’s Best Employers for Diversity for the second consecutive year.⁶³ An executive Diversity & Inclusion (D&I) Council drives corporate strategy and partners with business units to promote diversity talent development and recruiting. More than 100 employees are part of NextEra’s racial equity working team established to develop specific actions the company can take to make a positive contribution toward racial equity.

NextEra also supports supplier diversity and supports America’s veterans. From Oct. 1, 2018 through Sept. 30, 2019, NextEra entered into more than \$641 million in contracts with small and diverse businesses. More than 2,000 NextEra employees are veterans of our armed forces.⁶⁴



Conclusion

While Santee Cooper supporters are sincere in their defense of the utility, their 15 arguments to support their position do not stand up to scrutiny. The best that opponents of selling the utility can hope for is that their comments are not challenged and that their emotional attachment to the state agency is enough to block a sale.

As this document clearly shows, the sale of Santee Cooper is in the best interest of the utility's customers and the people of South Carolina.

Our state deserves a world-leading, cutting-edge utility to protect ratepayers from undeserved debt, reduce rates, help us embrace a clean energy future and provide a strong base for economic development.

To be sure, there are many questions to be answered to affect a successful sale of the state utility. We believe that if we answer those questions correctly, South Carolina can have a bright energy future.

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