



Santee Cooper 2020 Year-End Review

In spite of many new challenges in 2020, Santee Cooper closed the year in a strong, healthy position – financially, operationally and organizationally. This was in large part due to the dedication, talent and hard work of Santee Cooper’s nearly 1,600 employees.

The pandemic certainly impacted Santee Cooper and our customers. As the economic toll began to surface, Santee Cooper moved quickly to work with those who were struggling to pay their bills, helping customers develop manageable payment plans if needed and pointing them to other available resources. We also supported community blood drives and other civic efforts, and our Education Programs and Old Santee Canal Park teams even developed unique virtual science and history lessons that helped parents and teachers alike when schools went remote.

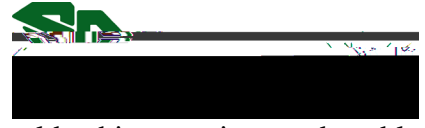
Internally, Santee Cooper quickly adhered to guidance from the Centers for Disease Control and Prevention, encouraging remote work, requiring wellness checks, social distancing and face coverings, and providing other support. Santee Cooper provides critical services to 2 million South Carolinians, and we must remain healthy and able to continue doing so.

REFORM

In addition to our pandemic response, Santee Cooper submitted a Reform Plan to the South Carolina General Assembly in January that detailed our planned transformation into a significantly leaner and greener utility. In February 2020, the DOA provided evaluations of the top purchase and management submittals and our Reform Plan. Legislators rejected all three and began developing their own plan to reform Santee Cooper governance and oversight, before curtailing the 2020 session in March as the pandemic took hold. Legislators did approve a resolution in May that included language allowing Santee Cooper to begin implementing resource and financial initiatives. Accordingly, we have:

Successfully settled all major litigation, including actions related to V.C. Summer 2 and 3, for the benefit of customers; the largest, the Cook settlement, provides \$520 million in refunds (\$200 million from Santee Cooper and \$320 million from Dominion Energy, new owner of our majority partner in the project) and a rate lock through 2024.

Locked in \$120 million in anticipated fuel savings through 2024 by hedging natural gas



exploring a potential new energy market construct that would achieve savings and enable better integration of renewable resources (the SEEM group, which since filed its plans for FERC review in February 2021 – Santee Cooper has not committed to join the market yet and will make that decision following FERC’s ruling).

Launched a plan to close the coal-fired Winyah Generating Station gradually beginning in 2023, and to transition station employees to other jobs with a goal of avoiding layoffs.

Produced a 2020 Integrated Resource Plan based on joint resource planning with Central and filed it with the State Energy Office consistent with State statute.

Beginning in late 2019 and continuing through 2020, we have paid off \$600 million net in debt and refinanced \$750 million, achieving more than \$347 million in savings on the refinanced bonds.

Set aside \$85 million to prefund a unique 2023 debt payment.

Reorganized, reduced staff through attrition and retirements and re





power to customers in the Greenville/ Anderson area of South Carolina following a tropical storm, in Louisiana after hurricane damage, and in Tennessee after a winter storm delivered power outages just before Christmas.

SYSTEM COSTS

Santee Cooper's 2020 operating revenue was \$1.6 billion, down 6% from 2019 primarily due to lower fuel rate revenues. Lower energy sales (down 4%) and demand usage (down 5%), resulting from mild weather and impacts of the pandemic, also contributed to the decrease. Energy sales for 2020 totaled approximately 22.2 million megawatt hours (MWhs) as compared to approximately 23.2 million MWhs for 2019.

Combined operating expenses for 2020 totaled \$1.26 billion, down \$56.2 million (4%) as compared to 2019. The main drivers were lower net fuel and purchased power expense, which decreased \$71.9 million. This was due to lower kilowatt-hour (kWh) sales, lower commodity prices and a lower cost fuel mix. Other generation costs decreased \$37.2 million from contract services and materials due to lower coal generation, as well as the majority of a Cross Generating Station spring outage being shifted from 2020 to the spring of 2021.

GENERATION

Santee Cooper idled Winyah Generating Station's Unit 4 in December 2020, part of its plans to retire the station as it transforms to a leaner, greener generating mix described above. These new generating sources are cheaper and will yield significant savings overall.

Meanwhile, Santee Cooper remains focused on efficient operation of existing plants, conservation, and energy efficiency programs.

Beyond the savings associated with renegotiated contracts mentioned already, Santee Cooper continues to look for ways to lower costs through economic dispatch between existing coal, natural gas, nuclear and lower-cost purchased power, with additional generation coming from hydro and renewable resources. Through effective use of natural gas-fueled Rainey Generating Station and economic purchases of off-system natural gas, Santee Cooper reduced the use of coal-fired generation to 37% of its energy mix last year, with natural gas and purchased power representing about 45% of energy supplied last year.

Early in 2021 Santee Cooper contracted for its share of 425 MW of new solar power, the result of its 2020 bid solicitation with Central for the initial phase of its planned 1,500 MW of solar by the early 2030s. Customer-generated solar power also increased and achieved participation goals for Santee Cooper's rooftop and community solar programs.



CUSTOMER TRENDS

Santee Cooper and aluminum smelter Century Aluminum agreed to negotiate a new contract in late 2020, which was ultimately approved by both organizations in March 2021 and effective April 1, 2021. Under the contract terms, Santee Cooper will provide

