Future customers of Santee Cooper may look back on this period as a turning point for Santee Cooper and South Carolina.

On March 30, the Nuclear Regulatory Commission awarded combined construction and operating licenses to Santee Cooper and our nuclear partner, South Carolina Electric & Gas Co., for two new nuclear power units at V.C. Summer Nuclear Station.

This is a significant milestone for Santee Cooper, and for our state. These new nuclear units are critical to Santee Cooper’s efforts to diversify our generation and continue to provide low-cost, reliable and environmentally protective electricity. They will be key to job creation and economic development as we continue rebuilding our state’s economy and position South Carolina for the future.

Nuclear power is the only base load source of generation that is virtually emissions-free, and its long-term operating costs are less than those of fossil-fueled generation. As regulations continue to drive up the cost of fossil-fueled generation, the importance of having a diversified fuel mix cannot be overstated.

The NRC has given our application an intense review, and I applaud the commissioners for their diligence.

Economic benefits are immediate: There are already more than 1,000 workers onsite, and project employment will peak at about 3,000 long-term construction workers, with 600 to 800 permanent jobs when the units start generating electricity. Unit 2 is projected to take five years from COL receipt to construct, with Unit 3 following about 14 months later.

This project is in excellent hands with SCE&G serving as majority partner. Santee Cooper retains a 45 percent ownership in Summer Unit 2 and Unit 3, and our negotiations continue with several utilities to sell a part of that interest to better match our future capacity with the slower growth brought on by the Great Recession.

As a state-owned power utility, Santee Cooper has responsibilities to be a leading resource for improving the quality of life for all South Carolinians. This important step helps us fulfill those responsibilities.
Executive Summary

First Quarter 2012 Compared to 2011

The financial results for the first quarter of 2012 showed a decrease of $8 million compared to the same period last year.

Electric revenue decreased $30 million when compared to the same period in 2011, in large part due to milder weather. This is reflected in the degree days, which were 30% lower than last year. Energy sales (MWh) were lower in all customer classes (except Industrial) with a 6% net decrease overall.

Operating Expense for the first quarter of 2012 was down compared to the first quarter of last year primarily due to generation related expenses. These included lower fuel cost associated with the reduction in sales and a shift to more natural gas generation, which was partially offset by increased transmission, administrative & general and nuclear costs.

Other Income decreased when compared to the first quarter of last year due to lower interest rates on investments. The Fair Value of Investments recognized on the books increased $500,000 compared with 2011.

Interest Charges were less by $12 million compared to last year with 2011.

Interest Charges were less by $12 million compared to last year.

Other Current Liabilities increased $500,000 compared with 2011.