



**Monthly Review of South Carolina Public Service  
Authority Pursuant to Act 135 Section 11 (E)**

South Carolina  
Office of Regulatory Staff

February 1, 2021

## Executive Summary

On May 18, 2020, Act 135 was signed into law by Governor Henry McMaster. Section 11 of Act 135 requires that the South Carolina Public Service Authority (“Santee Cooper”) be subject to monthly reviews by the South Carolina Office of Regulatory Staff (“ORS”). The objective of the monthly review is to determine if Santee Cooper violated the terms contained in Section 11 subsection E of Act 135. This Report details the results of ORS’s monthly review of Santee Cooper activities under Section 11 subsection E of Act 135 for the time period of November 1, 2020, through November 30, 2020 (“Review Period”).

Act 135 allows the Santee Cooper Oversight Committee (“SCOC”) to convene to consider and clarify any matter discovered by ORS pursuant to Section 11 subsection E that ORS determines is in violation of the terms contained in subsection E.

ORS has not audited or verified the appropriateness, accuracy or completeness of the actions undertaken by Santee Cooper. Further, this Report, and all associated analyses, are based upon the information and attestations made by Santee Cooper and in reliance that the responses provided by Santee Cooper are full and accurate responses. ORS conducted the review contained in this Report in reasonable reliance upon the information provided by Santee Cooper. Moreover, ORS did not retain outside legal or financial experts to assist with the review contained in this Report. Through this Report, ORS makes no comment regarding actions taken by Santee Cooper related to the *Cook* Settlement, Act 135 Section 11(A).

ORS determined Santee Cooper did not take action that violated the terms contained in Act 135 Section 11 subsection E during the Review Period.

## Scope of ORS Review

In accordance with Act 135 Section 11, the scope of the monthly review by ORS is to determine if Santee Cooper activities during the Review Period were in violation of subsection E which specifies:

- (E) *Nothing in this section prohibits Santee Cooper from:*
- (1) *doing those things necessary for closing and decommissioning the Winyah Generating Station including, but not limited to, planning, permitting, and securing by purchase or lease one hundred megawatts of combustion turbines and minor transmission upgrades, subject to the consent of Central pursuant to the Power System Coordination and Integration Agreement between Santee Cooper and Central, as amended (the Coordination Agreement). In no event will this include constructing a natural gas combined cycle or other major generation resource;*
  - (2) *doing all those things necessary for deploying up to 500 megawatts of new solar generation, within the structure described in the Santee Cooper Act 95 Reform Plan Appendix 8.2.4, subject to consent of Central pursuant to the Coordination Agreement;*
  - (3) *entering into operational efficiency and joint dispatch agreements with neighboring utilities for a period of up to one year, with annual renewals and reciprocal cancellation clauses thereafter;*
  - (4) *renegotiating existing and entering into new coal supply, transportation, and related agreements that produce savings and for terms not to exceed five years or such longer period of time as may be approved by the Santee Cooper Oversight Committee;*
  - (5) *entering into natural gas hedging arrangements for terms not to exceed five years, or such longer period of time as may be approved by the Santee Cooper Oversight Committee;*
  - (6) *conducting the planning, permitting, engineering and feasibility studies to develop natural gas transportation and power transmission to ensure a reliable power supply;*
  - (7) *entering into purchase power arrangements needed for, but not in excess of, anticipated load for a term not to exceed the rate freeze period of the Cook Settlement, and supportive thereof;*
  - (8) *defeasing debt, issuing or refunding debt under existing bond resolutions and agreements, and entering into financing arrangements consistent with existing bank facilities, all as necessary to manage day to day operations and financing needs, including converting variable rate debt to fixed rate debt. Refunding of existing debt is permitted if it achieves present value savings or mitigates risk and does not extend the average life of the debt;*
  - (9) *resolving outstanding lawsuits and claims;*
  - (10) *taking whatever steps are prudent and consistent with good utility practice to address the impact of the COVID-19 pandemic; and*

(11) *freezing rates as provided in the settlement of Cook v. Santee Cooper, et al.*

## **ORS Review Methodology**

Within 30 days of the passage of Act 135, ORS was required to provide Santee Cooper with a reasonable process by which ORS will accomplish its obligations. ORS provided the process, estimated schedule and sample documents to Santee Cooper on June 10, 2020.

ORS determined a timely exchange of information and records between Santee Cooper and ORS would be critical to meet the monthly review requirement of Act 135. The process determined by ORS and provided to Santee Cooper included the following:

- ORS will send Santee Cooper a Request for Information (“RFI”) on a monthly basis.
- Santee Cooper will provide a response within 14 days of receipt of the RFI.
- Each response by Santee Cooper requires a signature and attestation from a Santee Cooper officer.
- ORS may request additional information and documents.
- ORS may interview, or discuss the Santee Cooper responses with, the individual that prepared the response.
- ORS will provide the findings of the monthly review to Santee Cooper and the SCOC.

ORS issued the Seventh RFI to Santee Cooper on December 16, 2020 and received responses from Santee Cooper on December 30, 2020.

## **ORS Review of Section 11 subsection E**

### **Winyah Generating Station Closing & Decommissioning**

*(E) Nothing in this section prohibits Santee Cooper from:*

*(1) doing those things necessary for closing and decommissioning the Winyah Generating Station including, but not limited to, planning, permitting, and securing by purchase or lease one hundred megawatts of combustion turbines and minor transmission upgrades, subject to the consent of Central pursuant to the Power System Coordination and Integration Agreement between Santee Cooper and Central, as amended (the Coordination Agreement). In no event will this include constructing a natural gas combined cycle or other major generation resource;*

### **Summary of Santee Cooper Activities during Review Period**

ORS’s review of the information provided by Santee Cooper indicates several internal coordination meetings and external meetings with Central Electric Power Cooperative, Inc. (“Central”) were held during the Review Period to discuss (1) the retirement of Winyah

Generating Station (“Winyah”) including the support provided by 20 megawatts (“MW”) of diesel generators at a site in Horry County and (2) a permitting schedule for a potential natural gas combined cycle generation unit. Santee Cooper also reported that it continues to work on the Winyah Station Staffing Plan to address the need for fewer employees at Winyah due to unit retirements. Santee Cooper states that work on the schedule for the natural gas combined cycle generation unit was suspended “...following the question raised by ORS after the October report,” and that no steps have been taken in furtherance of constructing or acquiring a natural gas combined cycle unit contemplated in 2027.

During the Review Period, Santee Cooper received a Phase I Site Assessment on property in Horry County being considered for purchase to support the 20 MW of diesel generators. Santee Cooper states that a Phase I assessment is typical due diligence done before the purchase of property. This assessment was conducted by Wood Environment and Infrastructure Solutions, Inc. (“Wood”) and was discussed in ORS’s October 20, 2020 Report. Santee Cooper further reported that it has used Wood to provide a wetland survey of the same property, which will be provided when finalized, and that it expects to continue to use Wood’s services as Santee Cooper permits the Horry County Site. Wood also is providing other general permitting support on projects not related to new generation or a Winyah retirement. Santee Cooper also stated that, while no decision has been made regarding a specific resource or technology, the Horry County site is being planned with maximum flexibility to site potential expansion in the future as needed.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (1) of Act 135 during the Review Period.

As referenced in ORS’s December 31, 2020 Report, it is unclear if the activities undertaken by Santee Cooper in prior review periods related to planning and permitting for a natural gas combined cycle or other major generation resource are authorized by Act 135. Although Santee Cooper reports that it has suspended work on the natural gas combined cycle unit, ORS recommends the Santee Cooper Oversight Committee review and provide further instruction to ORS and Santee Cooper if planning efforts that include natural gas combined cycle or other major generation resources are allowable under Act 135.

### **Deployment of up to 500 MW of New Solar Generation**

- (E) *Nothing in this section prohibits Santee Cooper from:*
  - (2) *doing all those things necessary for deploying up to 500 megawatts of new solar generation, within the structure described in the Santee Cooper Act 95 Reform Plan Appendix 8.2.4, subject to consent of Central pursuant to the Coordination Agreement*

### **Summary of Santee Cooper Activities during Review Period**

ORS’s review of the information provided by Santee Cooper indicates work was conducted to support the addition of new solar generation during the Review Period. Santee Cooper and Central held multiple conference and individual calls to discuss

purchased power agreement (“PPA”) terms and discuss negotiation strategies. On November 11, 2020, Central elected to opt-out of the Proposed Shared Resource Package (500 MW of Solar) per the terms of the Coordination Agreement. Santee Cooper held multiple discussions from November 16 through November 25, 2020 with several potential counterparties to negotiate PPA terms. On November 20, 2020, the Central-Santee Cooper Executive Committee was updated on the solar Request for Proposal (“RFP”). Projected average savings for the 500 MW of solar energy are \$12 million per year. On November 20, 2020, the Santee Cooper Executive Committee also discussed including higher solar capacity and purchased power in the 2020 Integrated Resource Plan. As of January 26, 2021, Santee Cooper has jointly entered into PPAs for 5 projects for an aggregate capacity of 425 MW, of which, Santee Cooper’s share is 117 MW.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (2) of Act 135 during the Review Period.

### **Operational Efficiency & Joint Dispatch Agreements**

- (E) *Nothing in this section prohibits Santee Cooper from:*
- (3) *entering into operational efficiency and joint dispatch agreements with neighboring utilities for a period of up to one year, with annual renewals and reciprocal cancellation clauses thereafter*

### **Summary of Santee Cooper Activities during Review Period**

ORS’s review of the information provided by Santee Cooper indicates Santee Cooper conducted no activities regarding joint dispatch during the Review Period. Although not part of a joint dispatch scenario, Santee Cooper enhanced existing hourly and daily energy bid and offer process to identify opportunities to enter into bilateral transactions (buy and sell energy) with Dominion Energy South Carolina, Inc. (“Dominion”). During the Review Period, three (3) transactions were executed totaling 4,025 MWh.

During the Review Period, no activities were taken regarding joint Right of Way operations with Dominion. Santee Cooper and Dominion personnel will begin meeting and coordinating in the first quarter of 2021 to more fully plan out a joint herbicide application.

Santee Cooper continued the evaluation of opportunities to obtain gypsum from Dominion at lower costs to fulfill contract requirements. Currently, Santee Cooper purchases gypsum externally to meet contract requirements when Santee Cooper facilities do not produce sufficient volumes. Santee Cooper has requested approval from the SC Department of Health and Environmental Control (“SCDHEC”) for a permit to allow a test of Dominion gypsum from Williams Station. The material will be processed through Santee Cooper’s wash plant, and the final product will be evaluated for compliance with contract specifications. No action was taken to purchase gypsum from Dominion during the Review Period.

During the Review Period, Santee Cooper continued discussions with Southern Power Company and Southern Company Services, Inc. (collectively “Southern”) to determine

what areas would have the best opportunities for increased efficiencies. Different technical groups within Santee Cooper and Southern continued to work together to develop mutually beneficial opportunities.

- The Procurement team held a call with Southern on November 17, 2020. Subsequent to that meeting, information has been shared on surplus inventory availability, material specifications, and category management bid schedule to see if there are any opportunities to collaborate.
- The Generation Technical Services and Asset Management teams continued discussions to determine options to increase condition-based maintenance through expanded monitoring and diagnostics. Discussions with a third vendor occurred during the Review Period to determine what modeling and analytical assistance is available to increase monitoring and diagnostic efforts and remain within the capabilities of the existing systems/software. Evaluation of potential assistance continued as well during the Review Period.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (3) of Act 135 during the Review Period.

### **Coal Supply, Transportation & Related Agreements**

*(E) Nothing in this section prohibits Santee Cooper from:*

*(4) renegotiating existing and entering into new coal supply, transportation, and related agreements that produce savings and for terms not to exceed five years or such longer period of time as may be approved by the Santee Cooper Oversight Committee*

### **Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates that Santee Cooper continued contract negotiations with Foresight Coal Sales, LLC ("Foresight") to amend the current contract and increase the 2021 coal volume range at a lower price. Additionally, Santee Cooper conducted preliminary discussions with Foresight concerning potential increased volume at a lower price for 2022 and 2023. Santee Cooper states that the resulting contract amendment will only apply to 2021 and that there are no contractual amendments to date for 2022 or 2023.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (4) of Act 135 during the Review Period.

### **Natural Gas Hedging Arrangements**

*(E) Nothing in this section prohibits Santee Cooper from:*

*(5) entering into natural gas hedging arrangements for terms not to exceed five years, or such longer period of time as may be approved by the Santee Cooper Oversight Committee;*

### **Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates that Santee Cooper continued implementing its repositioning strategy on natural gas hedge positions for sales in 2023 and 2024. Santee Cooper's 2020 October Fuel Dispatch (2021 Budget), projected less natural gas consumption in comparison to the Reform Plan (2020 Budget) projections. Santee Cooper states that the repositioning strategy will sell enough contracts to lower its hedge volumes below 100% for those months that it has excess and will purchase contracts for months that were already below 100%, with a desired outcome of reaching 100% coverage in each month through 2024. The sales result in a projected gain of \$99,530 compared to the average hedge price.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (5) of Act 135 during the Review Period.

### **Develop Natural Gas Transportation & Power Transmission**

- (E) *Nothing in this section prohibits Santee Cooper from:*
- (6) *conducting the planning, permitting, engineering and feasibility studies to develop natural gas transportation and power transmission to ensure a reliable power supply*

### **Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates Santee Cooper completed its annual transmission planning assessments during the Review Period. Santee Cooper states the final study reports will be completed in December. No other actions were completed during the Review Period.

As discussed previously in the sections regarding Winyah Generating Station Closing & Decommissioning, the Central-Santee Cooper Executive Committee held discussions regarding the permitting schedule for a potential natural gas combined cycle generation unit. These discussions included natural gas pipeline supply options including Santee Cooper and third-party built options.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (6) of Act 135 during the Review Period.

### **Purchased Power Arrangements**

- (E) *Nothing in this section prohibits Santee Cooper from:*
- (7) *entering into purchase power arrangements needed for, but not in excess of, anticipated load for a term not to exceed the rate freeze period of the Cook Settlement, and supportive thereof*

### **Summary of Santee Cooper Activities during Review Period**



ORS's review of the information provided by Santee Cooper indicates Santee Cooper continued to monitor pricing of purchase power supply during the rate freeze period in up to 150 MW blocks. No action was taken towards entering into agreements and this activity is on-going.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (7) of Act 135 during the Review Period.

### **Debt & Financing Arrangements**

(E) *Nothing in this section prohibits Santee Cooper from:*

(8) *defeating debt, issuing or refunding debt under existing bond resolutions and agreements, and entering into financing arrangements consistent with existing bank facilities, all as necessary to manage day to day operations and financing needs, including converting variable rate debt to fixed rate debt. Refunding of existing debt is permitted if it achieves present value savings or mitigates risk and does not extend the average life of the debt*

### **Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates Santee Cooper managed bank facility agreements for two types of short-term products (Commercial Paper and Revolving Credit Agreements) during the Review Period. The total balances for the Santee Cooper bank facility program remained unchanged at \$338,426,000 in the month of November. Santee Cooper indicates the management of the bank facility agreements facilitates day-to-day financing needs.

On October 28, 2020, the Santee Cooper Board of Directors ("Board") approved \$638.2 million in bond sales. The transaction includes the sale of \$338.5 million of 2020 Refunding and Improvement Tax-Exempt Series A bonds and \$299.7 million of 2020 Refunding Taxable Series B. The 2020A proceeds refund bonds totaling \$292.4 million and provide new money proceeds of \$100 million, to use for capital projects. Due to current tax regulations, the 2020B Refunding is a taxable advanced refunding. The 2020B proceeds will be used to refund \$277.2 million in bonds. Both series had a closing date of November 5, 2020. According to the analysis by Bank of America, the bond transactions are projected to produce approximately \$134 million net present value savings. The refundings also shorten the average life of the bonds from 21 years before the transaction to 13 years.

On November 6, 2020, Moody's Investor Service issued a credit opinion to update the credit analysis for Santee Cooper. The credit opinion identified the credit profile for Santee Cooper is A2/Stable.

At the end of November, Santee Cooper began initial discussions related to defeasing approximately \$45-60 million in debt by year-end 2020. Santee Cooper and its financial advisor, PFM started planning for the potential defeasance including discussions of bond

candidates along with timeline. PFM began a preliminary analysis of potential candidates. As of November 30, 2020, the amount of defeasance had not been determined and Santee Cooper stated that the transaction would not be approved or finalized until December. On January 29, 2021, Santee Cooper reported that, on December 7, 2020, the Board approved a resolution to execute a defeasance in December 2020 up to \$60 million of principal and related interest for future debt payments. The resolution also authorized the transfer of \$85 million from the Capital Improvement Fund to the Debt Reduction Fund, which funds are to be used to pay a portion of the 2016D Bonds or other debt maturing in 2023 when, or before, it comes due. On December 17, 2020, Santee Cooper closed on the 2020 Cash Defeasance in the amount of \$59,998,164. This defeasance was funded with \$15,000,000 from the Capital Improvement Fund and \$44,998,164 from the Revenue Fund and these funds defeased four bonds maturing December 1, 2021. Santee Cooper reported that the defeasance did not result in new money proceeds or the refunding of existing debt; therefore, no demonstration of present value savings is required. Santee Cooper indicated in response to additional ORS questions on February 1, 2021, the debt defeasance did not extend the average life of Santee Cooper's debt.

**Santee Cooper Supplemental Responses to ORS received on January 15, 2021**

On January 15, 2021, Santee Cooper provided several supplemental responses to ORS related to the review performed by ORS in response to the letter dated October 29, 2020, from the SCOC. Santee Cooper indicated that it continues to evaluate the capital budget and projects to determine tax-exempt eligibility of project expenditures to be funded with the new money proceeds from the 2020A bond issuance. Santee Cooper determined that the Capital Improvement Fund should be reimbursed for \$15.8 million in tax-exempt expenditures from September through December 2020. The reimbursement of the Capital Improvement Fund was scheduled for January 11, 2021. The project detail of the reimbursement prepared by Santee Cooper is reflected below:

Distribution System	\$ 8,566,677.94
VC Summer 1	3,401,750.28
Winyah Generating Station	649,258.82
Rainey Generating Station	3,216,315.98
	<u>3,216,315.98</u>
	\$ 15,834,003.02

The remaining proceeds from the 2020A bond issuances will be used toward tax-exempt qualified projects in 2021. Santee Cooper reports that it discussed the impact of the bond transaction with stakeholders including the House Ways and Means Santee Cooper Ad Hoc Committee, various legislators, and the Lake Marion Regional Water Agency.

**ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (8) of Act 135 during the Review Period.

**Resolve Lawsuits & Claims**

(E) *Nothing in this section prohibits Santee Cooper from:*

(9) *resolving outstanding lawsuits and claims*

**Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates Santee Cooper engaged in settlement discussions with opposing party representatives.

On November 2, 2020, in *Goose Creek v. South Carolina Public Service Authority* (Case No. 2020-CP-08-00821), the Circuit Court entered an order denying Goose Creek's Motion for Reconsideration of October 12, 2020 Order. On November 9, 2020, Santee Cooper filed a return to Goose Creek's motion to certify case for review, transfer to the South Carolina Supreme Court, and to expedite hearing.

On November 2, 2020, in *City of Goose Creek, South Carolina v. South Carolina Public Service Authority* (Docket No. EL20-33-000), Santee Cooper filed a Motion to Lodge the November 2, 2020 Decision of the South Carolina Court of Common Pleas denying Goose Creek's Reconsideration of October 12, 2020 Order. On November 5, 2020, Santee Cooper filed a Motion for Leave to Reply and Reply to Goose Creek's October 27, 2020 Statement of Position to Support Rates, Terms, and Conditions of Transmission and Interconnection Service. On November 12, 2020, Santee Cooper filed a Motion for Leave to Reply and Reply to Goose Creek's Answer to Santee Cooper's Motion to Dismiss and Vacate. On November 25, 2020, Santee Cooper filed Santee Cooper's Motion for Leave to Reply and Further Reply to Goose Creek's Response relating to certain provisions of the Commission's August 27 proposed order.

On November 5, 2020, in *Century Aluminum v. South Carolina Public Service Authority* (Case No. 2020-CP-08-00955), a hearing was held in Circuit Court on Santee Cooper's Motion to Dismiss and Goose Creek's Motion to Lift Stay. On November 20, 2020, the Circuit Court Order granted the Motion to continue the stay of litigation pending ruling on October 12, 2020 Order by the South Carolina Supreme Court in the *Goose Creek v. Santee Cooper* litigation.

On November 10, 2020, in *George M. Hearn Jr., on Behalf of Himself and All Others Similarly Situated v. South Carolina Public Service Authority d/b/a Santee Cooper* (Case No: 2017-CP-26-05256), a Consent Scheduling Order was issued.

On November 20, 2020, in *Murry C. Turka v. South Carolina Public Service Authority* (Federal Case No. 2:19-cv-1102-RMG), Santee Cooper reached a settlement in principle with the plaintiffs for \$2 million plus the cost of the settlement administrator, which was then estimated at \$50,000. During the January 25, 2021, Board Meeting<sup>1</sup>, the settlement administrator costs was set at \$35,000 and the settlement was approved.

On November 23, 2020, in *Robert O. Merritt v. South Carolina Public Service Authority d/b/a Santee Cooper* (Case No. 2020-CP-08-02063), Santee Cooper filed its Answer to the Complaint filed in Berkeley County on September 18, 2020.

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<sup>1</sup> <https://vimeo.com/504336262>

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (9) of Act 135 during the Review Period.

### **Address the Impacts of COVID-19**

- (E) *Nothing in this section prohibits Santee Cooper from:*
- (10) *taking whatever steps are prudent and consistent with good utility practice to address the impact of the COVID-19 pandemic*

### **Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates Santee Cooper continued efforts to manage the COVID-19 pandemic and implement its pandemic response plan through the Corporate Incident Management Team ("CIMT"). Through weekly meetings, the CIMT took the following actions:

- Conducted weekly calls to identify issues related to COVID-19 throughout the company and to provide updates on company guidelines
- Updated published guidelines and coordinates mass communication to employees

All guidelines are developed under advisement of Safety and Occupational Health and review of information provided by SC Emergency Management Division, SCDHEC, National Center for Disease Control, other utilities, local and state ordinances and other information.

In addition to the actions of the CIMT, Santee Cooper took the follow actions:

- Occupational Health continued to use kiosks at wellness check points.

During the January 25, 2021, Board Meeting, it was stated that Santee Cooper was developing a vaccine rollout plan for its employees, consistent with State and Federal Guidance.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (10) of Act 135 during the Review Period.

### **Rate Freeze as Required by Settlement**

- (E) *Nothing in this section prohibits Santee Cooper from:*
- (11) *freezing rates as provided in the settlement of Cook v. Santee Cooper, et al.*

### **Summary of Santee Cooper Activities during Review Period**

ORS's review of the information provided by Santee Cooper indicates Santee Cooper implemented the Rate Freeze for Residential, Commercial and Lighting Customers approved by the Board during the July 31, 2020, Board Meeting. Santee Cooper held

internal discussions to finalize the internal process for identifying and evaluating potential settlement exceptions as defined in the Cook Settlement Agreement.

During the January 25, 2021, Board Meeting, the Board approved an experimental rate schedule based on Rate L-17 to serve Century Aluminum Company, Inc. (“Century”). Santee Cooper indicated during the Board Meeting that the experimental rate schedule would not be subject to the Rate Freeze contained in Section 11 subsection E (11) of Act 135. ORS has not received or reviewed the experimental rate schedule for Century. The experimental rate for Century would be effective April 1, 2021, as part of a new electric service agreement between Santee Cooper and Century. If approved by the SCOC, the service agreement will need to be finalized and approved by the Board prior to its implementation.

### **ORS Review Results**

ORS determined Santee Cooper did not take action that violated the terms contained in Section 11 subsection E (11) of Act 135 during the Review Period. The Review by ORS does not evaluate overall compliance with the *Cook* settlement in accordance with Act 135 Section 11(A).

## **ORS Review of Information provided by Santee Cooper to ORS Outside of the Review Period**

Santee Cooper has provided ORS with additional information outside of the process established by ORS to complete the monthly reviews required by Act 135. ORS provides a brief summary of the information provided by Santee Cooper below:

- December 23, 2020: Santee Cooper filed its 2020 Integrated Resource Plan with the South Carolina Energy Office.
- January 9, 2021: Santee Cooper communicated (via email) to ORS that it was negotiating with Century and anticipated a need to submit the new electric service agreement to the SCOC for approval in February 2021.
- January 11, 2021: Santee Cooper provided (via email) ORS with the Palmetto Promise Institute memorandum to the House Santee Cooper Ad Hoc Committee, the Santee Cooper response to the memorandum, a Progress Report Card, and the Santee Cooper Update.
- January 12, 2021: Santee Cooper responded (via email) to an ORS question about the timeline associated with the Century negotiations. Santee Cooper informed ORS of its intention to inform the SCOC of a need to allow natural gas hedging beyond 5 years.
- January 15, 2021: Santee Cooper provided (via email) ORS with a copy of the letter sent by Santee Cooper to the SCOC in relation to two requests Santee Cooper anticipates making to the SCOC in February 2021. One request was related to Century and the other is related to natural gas hedging beyond the five-year period permitted by Act 135.
- January 22, 2021: Santee Cooper provided (via email) ORS with a copy of a document detailing Santee Cooper’s financial condition which was sent to the

SCOC, Advisory Board, and members of the General Assembly. In response, ORS requested a copy of the cover letter/email that was distributed. Santee Cooper provided (via email) a copy to ORS.

- January 24, 2021: Santee Cooper provided (via email) a PowerPoint slide related to the Act 135 reviews conducted by ORS that was to be used during the Board of Director's meeting on January 25, 2021.
- January 25, 2021: During the January 25, 2021, Santee Cooper Board Meeting, the Board was informed that the "Current Financial Forecast shows a preliminary estimate of approximately \$100 million in new money proceeds in the 4<sup>th</sup> quarter 2021." The Board also was informed that interest rate swaps are a potential debt management tool that may be considered, evaluated, and approved in the March to June timeframe.
- January 29, 2021: Santee Cooper reported that, on December 7, 2020, the Board approved and authorized the 2021 Budget and approved the 2022 and 2023 Budgets for planning purposes. Santee Cooper's financial plan used to develop the 2021 through 2023 budgets incorporated, among other things, proceeds from new money revenue obligation bond issuances of \$100 million in 2021 and \$241 million in 2022. Santee Cooper's debt plan also includes refundings of \$174 million in 2021 and \$1.048 billion in 2023.
- January 29, 2021: Santee Cooper provided (via email) a letter from a state legislator regarding whether the sale of some but not all of Santee Cooper's assets would trigger any requirements under Santee Cooper's bond covenants or outstanding bonds. Santee Cooper also provided a responsive letter dated January 25, 2021, and a report regarding its debt and stating, among other things, that whether such a sale would trigger any bond requirements would depend on the particular assets being sold and the impact of such a sale on Santee Cooper's revenues relative to outstanding debt. Santee Cooper advised that the January 25, 2021 letter was sent on January 28, 2021, to members of the SCOC, the Advisory Board, and other members of the General Assembly.
- January 30, 2021: Santee Cooper provided (via email) to ORS its Annual Report on Rates pursuant to Section 58-31-380.
- February 1, 2021: Santee Cooper provided (via email) to ORS a copy of a document detailing Santee Cooper's broadband activities and a document titled "Correcting Falsehoods from Gullah Geechee and Small Business Chambers Final" which was sent to the SCOC, Advisory Board, and members of the General Assembly.

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