



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

South Carolina
Office of Regulatory Staff

April 30, 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 February 1, 2021, through February 28, 2021 (“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. However, it is important to note that, on February 24, 2021, the Board of Santee Cooper approved an Interest Rate Swap Management Policy. Santee Cooper states that the swap policy is intended to provide guidelines and guardrails for management of such swaps and that it will allow Santee Cooper to begin to negotiate International Swaps and Derivative Association (“ISDA”) master agreements with potential counterparties. Santee Cooper further advised that the swap policy would require Board approval of individual transactions. Santee Cooper has expressed its belief that Act 135 does not permit it to enter into interest rate swaps but states that these actions are preparatory in nature and that no financial commitments will be made. Santee Cooper did not report that it had taken any action related to interest rate swaps during the Review Period. In light of these actions and the permissible activity under Act 135, ORS recommends that the SCOC review and provide further instruction to ORS and Santee Cooper regarding whether planning efforts related to interest rate swaps, the adoption of an interest rate swap management policy, and the negotiation of ISDA master agreements are permissible under Act 135.

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 fourteen (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 Tenth RFI to Santee Cooper on March 15, 2021, and received responses from Santee Cooper on April 1, 2021.

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 indicates that, during the Review Period, Santee Cooper performed several activities related to the retirement of Winyah Generating Station ("Winyah"), including activities related to the construction of twenty (20) megawatts ("MW") of diesel generators to provide standby power, peaking generation, and transmission system support.

During the December Review Period, the Santee Cooper Board of Directors ("Board") approved the construction of twenty (20) MW of diesel generators at a site in the Horry-Georgetown area ("Horry County Site"), and executed a Purchase and Sale Agreement for the site. During the Review Period, Santee Cooper engaged in several activities related to the construction of the diesel generation facility at the Horry County Site which included: geotechnical investigations, submission of requisitions for several critical lead time items, and evaluation of the bids received for a generator step-up transformer. In addition, Santee Cooper performed various permitting activities for the site including submittals of documentation, receipt of concurrence on wetlands delineation and biological assessment of the site, and submittal of a request for concurrence on the cultural resources impact report. 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.

During the Board Meeting on March 22, 2021, the Board approved an electric service agreement to serve Century Aluminum Company, Inc.'s ("Century") Mt. Holly facility through March 31, 2022. Thereafter, the agreement reportedly would continue in effect through December 31, 2023, unless further prohibited by Act 135. As part of this agreement, Santee Cooper would continue to operate Winyah Unit 3 through 2023, as opposed to idling the Unit at the end of 2021 as previously planned. Further details are discussed in Section 11 subsection E (11) of this report. During the Board Meeting, the Board also approved a resolution to officially and irrevocably retire the Winyah units pursuant to the United States Environmental Protection Agency's 2020 revised ruling on the Steam Effluent Limitation Guidelines ("ELG"). The resolution extended the retirement date for Winyah Units 1 & 2 from the previously proposed date of December 2027 to no later than December 31, 2028, in compliance with the ELG regulatory deadline.¹

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.

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*

¹ Santee Cooper March Board of Directors meeting, <https://vimeo.com/527256740> at 1:26:44

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. No additional PPAs were executed during the Review Period; however, Santee Cooper and Central jointly continued to explore options to pursue an additional 75 MW from the previously issued Request for Proposals ("RFP").

At the Board meeting on March 22, 2021, Santee Cooper reported that it has jointly executed PPAs with an aggregate capacity of 425 MW – of which Santee Cooper's share is 117 MW – and that various options were being pursued for the 75 MW of additional capacity. Santee Cooper also indicated that, following the execution of PPAs for the initial 500 MW, an additional 1,000 MW of solar resources and 200 MW of storage will be secured over long-term.²

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, sixteen (16) transactions were executed totaling 7,520 megawatt-hour ("MWh") priced below system incremental cost.

Santee Cooper stated that, during the Review Period, no activities were taken regarding joint Right of Way operations with Dominion. Santee Cooper reported on plans to meet with Dominion personnel on March 1, 2021, to compare existing Vegetation Management Applications that are used for managing right-of-way vegetation maintenance. Santee

² Santee Cooper March Board of Directors meeting, <https://vimeo.com/527256740> at 3:41:44.

Cooper and Dominion plan to begin the joint herbicide application over the period of May 1 to September 30, 2021.

Santee Cooper continued to evaluate opportunities to obtain gypsum from Dominion at lower costs to fulfill contract requirements. Currently, Santee Cooper purchases gypsum externally to meet contract requirements when its facilities do not produce sufficient volumes. During the November Review Period, Santee Cooper 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. On February 4, 2021, Santee Cooper received approval from SCDHEC and plans to begin testing of Dominion’s gypsum in March 2021.

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. In particular:

- The Procurement team continued inventory management and collaborative procurement discussions with Southern focused on transmission and distribution commodities. The team plans to initiate a pilot program with Southern in 2021.
- The Generation Technical Services and Asset Management teams continued to discuss vendor offerings for data analytic software and tools. Santee Cooper indicates the Generation Technical Services team has undergone a reorganization of staff and will establish new technical and financial job descriptions to increase focus on predictive maintenance.

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 is in on-going discussions with one of its industrial customers, which could result in additional demand to its electric system. Santee Cooper stated that, in order to secure the pricing associated with serving the customer's incremental demand, it entered into negotiations with an existing coal supplier for increased coal volumes in 2021-2023. No other actions were taken 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 (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. 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 stated 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. During the Review Period, Santee Cooper executed purchases for August 2023 and February 2024 that Santee Cooper stated results in a projected savings of \$25,124 compared to the Reform Plan projections.

By letter dated February 1, 2021, Santee Cooper requested that the SCOC authorize Santee Cooper to transact natural gas hedges beyond the limits of Act 135 and to secure a portion of its projected natural gas requirements via a fixed price futures/swap. Santee Cooper specified that such a long-term hedging strategy could mitigate risk and prevent exposure to natural gas price volatility. In making this request, Santee Cooper did not specify a time frame in which it would seek to make such fixed price futures/swaps, but generally identified natural gas prices and potential futures/swap contracts through 2031.

On March 31, 2021, Santee Cooper notified ORS that the Executive Energy Management Committee approved the placement of natural gas hedges in 2025. Santee Cooper stated that, as of the beginning of March 2021, natural gas hedges were placed through 2024, but coverage dropped to 0% in 2025 and beyond. Santee Cooper specified its plan to

place natural gas hedges in 2025 to cover 68% of projected gas burns in that year, and indicated that its fuel group has placed 90% of those hedges to date, and will continue to place the rest of the hedges. Santee Cooper acknowledged that Act 135 Section 11(E) allows Santee Cooper to enter into natural gas hedging arrangements for terms not to exceed five years, or such longer period of time as may be approved by the SCOC. However, Santee Cooper advised that it interprets the five-year term set by Act 135 to be a rolling limit, thereby allowing this activity as the hedges placed in 2025 do not exceed the five-year term permitted thereunder and ORS concurred with this interpretation.

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 that routine planning activities associated with transmission model development were conducted in preparation for the annual transmission system planning assessment. No other actions were taken 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 (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 for 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) *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*

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. Santee Cooper indicated the management of the bank facility agreements facilitates day-to-day financing needs. Santee Cooper reported there was a decrease in total balances of approximately \$5.2 million for the bank facility program during the Review Period. Santee Cooper attributes the decrease in the bank facility program balances to Santee Cooper's actions to pay existing debt with economic development loan payments received by Santee Cooper.

Santee Cooper continued discussions with various banks in advance of the expiration of the 2019A Letter of Credit on April 14, 2021, to extend, replace, or renew the Letter of Credit. During the Review Period, Santee Cooper received proposals from three banks and consulted with PFM, Santee Cooper's financial advisor, to evaluate the proposals. Santee Cooper indicates it selected a proposal by Bank of America Merrill Lynch to extend the current Letter of Credit and reduce the 2019A variable rate bonds to \$143,200,000. Santee Cooper states the reduction of the 2019A variable rate bonds will result in a small refunding of debt. Santee Cooper indicates that as of February 28, 2021, the extension of the 2019A Letter of Credit and reduction of the variable rate bonds had not been completed.

Santee Cooper indicated that it took no actions to refund existing debt during the Review Period. During the Review Period, Santee Cooper presented an Interest Rate Swap Management Policy ("Swap Policy") to the Board. On February 24, 2021, the Board adopted the Swap Policy as proposed and authorized Santee Cooper to negotiate the ISDA Master Agreements. Santee Cooper states the Swap Policy adoption by the Board and negotiations of the ISDA Master Agreements do not constitute a financial commitment on behalf of Santee Cooper. Santee Cooper determined "Act 135 prohibits

contracts in excess of one year, unless in the ordinary course of business, or unless otherwise expressly permitted. Swap contracts would have a term longer than a year, and because we had never transacted a Swap, it is questionable whether they are in the ordinary course.”³

On February 26, 2021, Santee Cooper reimbursed the Capital Improvement Fund (“CIF”) from the 2020A proceeds for approximately \$3.9 million of tax-exempt expenditures made in January 2021. Santee Cooper indicated its plans to complete a tax analysis and use the remaining 2020A proceeds towards tax-exempt qualified projects in 2021.

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 filed various pleadings in litigation matters, engaged in various settlement discussions with opposing party representatives, and conducted other litigation activities.

Santee Cooper reported that, during the Review Period, it engaged in discussions with Century with the intent of executing a new electric service agreement (“Century Agreement”). The Century Agreement would serve as settlement consideration for mutual release of all claims between the parties. On March 22, 2021, the Board approved a modified version of the Century Agreement, the details of which are discussed in Section 11 subsection E (11) of this report. Santee Cooper reported that, during the Review Period, the proposed Century Agreement was accepted by Santee Cooper and Century, and that upon the execution of the Century Agreement, the following outstanding litigations would be resolved:

- *Century Aluminum v. South Carolina Public Service Authority* (Case No. 2020-CP-08-00955)
- *Goose Creek v. South Carolina Public Service Authority* (Case No. 2020-CP-08-00821)
- *City of Goose Creek, South Carolina v. South Carolina Public Service Authority* (Docket No. EL20-33-000)

³ Santee Cooper Response to ORS Question 1 dated March 4, 2021.

During the Review Period, in *Estate of Michael Curry and Sandra Curry v. South Carolina Public Service Authority* (Case No. 2020-CP-08-01573), the Plaintiff filed a memorandum in opposition to Santee Cooper's motion to dismiss, and Santee Cooper filed a memorandum in support of its motion to dismiss. On February 11, 2021, the Court issued an order denying Santee Cooper's motion to dismiss. Thereafter, Santee Cooper filed an answer to the complaint on February 25, 2021.

On January 12, 2021,⁴ in *Nathan K. Hall v. Frazier Real Properties, LP, et al.* (Case No. 2020-CP-38-01373), Santee Cooper accepted service of a complaint filed by the Plaintiff on November 30, 2020. Santee Cooper was named in this condemnation action as it owns property abutting the roadway that the Plaintiff desires to be closed. On February 10, 2021, Santee Cooper filed an answer taking no position in the matter.

On February 3, 2021, 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), the parties engaged in mediation, and on February 25, 2021, reached a settlement in principle. During the Board Meeting on March 22, 2021, the Board approved a settlement agreement for an amount of \$12.5 million to the Plaintiffs.

On February 11, 2021, in *South Carolina Public Service Authority v. Gunsight Solar, LLC* (Case No. 3:20-cv-03913-JMC), the parties participated in mediation and reached a settlement in principle. On February 23, 2021, the Court ordered the dismissal of the case.

On February 11, 2021, in *Murry C. Turka v. South Carolina Public Service Authority* (Federal Case No. 2:19-cv-1102-RMG), the Court issued an order preliminarily approving the class action settlement and authorizing dissemination of notice of the settlement.

On February 4, 2021, Santee Cooper received notice of an Equal Employment Opportunity Commission Charge filed against it by a current employee, in which the employee alleges discrimination based on a disability. No action was taken by Santee Cooper on this matter 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 (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*

⁴ *Nathan K. Hall v. Frazier Real Properties, LP, et al* was not included in ORS's January Review Report since ORS was not aware of this case at that time; Santee Cooper failed to provide this case information in response to ORS's RFI for the January Review Period, but provided it in the RFI for the current Review Period to correct the omission.

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 coordinated mass communication to employees

Santee Cooper stated that 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 reported that it took the following actions:

- Expanded proactive COVID saliva testing locations to include critical areas at Cross and Winyah Generating Stations
- Surveyed employees regarding interests in vaccines
- Continued working on a vaccine plan

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.

As discussed previously in the section regarding Winyah Closing & Decommissioning, during the January 25, 2021 Board Meeting, the Board approved an experimental rate

schedule based on Rate L-17 to serve Century, which would become effective April 1, 2021, as part of the Century Agreement. 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. However, ORS does not have sufficient information to determine if or how the proposed agreement would affect the Rate Freeze.

By letter dated February 1, 2021, owing to the Century Agreement's three-year term exceeding the one-year limit set by Act 135, Santee Cooper requested the SCOC approve the agreement. At that time, Santee Cooper noted that, if the SCOC approved Century Agreement, it would need to be finalized and approved by the Board prior to its implementation. On March 9, 2021, the SCOC responded stating that it had no jurisdiction over setting rates for Santee Cooper or its customers. By letter dated March 10, 2021, Santee Cooper sought clarification of SCOC's response in relation to the approval of the Century Agreement.

During the Board Meeting on March 22, 2021, Santee Cooper stated that it modified the terms of the Century Agreement to limit its initial term to one year from April 1, 2021, to March 31, 2022, for the purpose of complying with the one-year contract limit set by Act 135. Thereafter, the agreement reportedly would continue in effect through December 31, 2023, unless further prohibited by Act 135. The Board approved this modified Century Agreement, as well as the withdrawal of a retail rate, CSP-16. Santee Cooper reported that CSP-16 only applies to Century and is not one of the rates frozen under the *Cook Settlement*.

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).

However, ORS notes that Santee Cooper provided limited information to ORS regarding the modified Century Agreement that was approved by the Board on March 22, 2021. Therefore, ORS is unable to determine whether the agreement would potentially affect the Rate Freeze, thereby violating Section 11 subsection E (11).

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:

- April 23, 2021: Santee Cooper provided (via email) to ORS copies of agendas for the Board meeting scheduled for April 26, 2021.

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