



## SALE PROPOSAL

February 7, 2020

John Colella  
Managing Director  
Moelis & Company LLC

Roger Wood  
Managing Director  
Moelis & Company LLC

Scott DeGhetto  
Managing Director  
Moelis & Company LLC

Nathan Barnes  
Executive Director  
Moelis & Company LLC

Glenn Muscosky  
Managing Director  
Moelis & Company LLC

VIA ELECTRONIC MAIL to John.Colella@moelis.com, Roger.Wood@moelis.com, Scott.DeGhetto@moelis.com, Nathan.Barnes@moelis.com and Glenn.Muscosky@moelis.com.

RE: Project Palmoon – Sale Proposal

Dear Mr. Colella, Mr. Wood, Mr. DeGhetto, Mr. Barnes and Mr. Muscosky:

### Executive Summary

NextEra Energy, Inc. ("NextEra") is pleased to submit this Sale Proposal for the acquisition of the assets and certain liabilities of South Carolina Public Service Authority ("Santee Cooper"). This submission supersedes and replaces the submission provided on January 3, 2019<sup>1</sup>.

Santee Cooper has historically been known as much more than just a power company. For decades, it has been proudly woven into the cultures, lives and families of the communities it serves, whether through promoting quality of life, economic development or community support. NextEra values Santee Cooper's legacy and wants to continue to play an important role in the communities it serves. NextEra's proposal will mean lower rates for Santee Cooper customers, customer refunds totaling \$941 million, the elimination of 100 percent of Santee Cooper's debt, additional payments to Santee Cooper totaling at least \$500 million and up to \$600 million, and an investment of approximately \$2.3 billion in cleaner, more efficient generation, resulting in cleaner air for South Carolina and its citizens and cost savings for Santee Cooper's customers.

Core to our proposal is a strong commitment that the new utility will operate as a financially sound, reliable and responsible utility going forward. NextEra's balance sheet and credit rating are among the strongest in the industry. Our financial position makes NextEra uniquely positioned to deliver the most value to Santee Cooper's stakeholders throughout the state of South Carolina. NextEra's proposal to purchase Santee Cooper's assets reflects a total value<sup>3</sup> to the state of South Carolina, its citizens and Santee Cooper's customers of approximately \$19 billion, including:

- Elimination of 100 percent of Santee Cooper's approximately \$7.9 billion of debt, including defeasance costs
- Effectively a 13 percent reduction in rates during the four-year rate freeze relative to the projected Santee Cooper Business Forecast Sensitivity Case ("Sensitivity Case") provided by the Department of Administration (the "Department")<sup>4</sup>
  - Savings include customer refunds totaling \$941 million

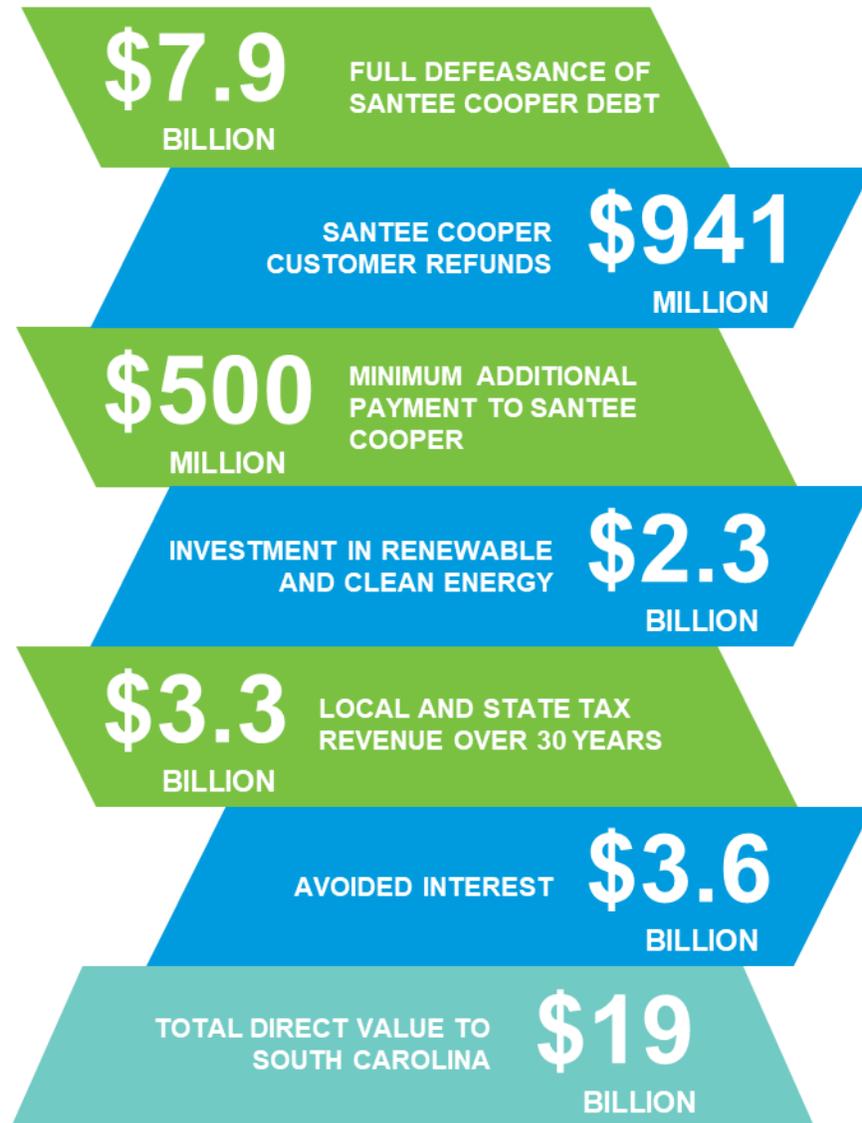
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<sup>1</sup> Notwithstanding anything in this letter or otherwise to the contrary, NextEra Energy's Sale Proposal is embodied in its entirety by the form of the Asset Purchase Agreement ("APA") (and its exhibits and schedules, including the form of Enabling Legislation and new long-term PPA with Central) attached to the Agreement to Transact as Exhibit A thereto.

<sup>3</sup> Excludes estimated economic benefits, as described in the Santee Cooper Impact Evaluation and Analysis Study (see Exhibit 6)

<sup>4</sup> Thirteen percent reduction includes the \$941 million customer refunds

- Additional payments totaling at least \$500 million and up to \$600 million
- Investment of approximately \$2.3 billion in clean energy, which will enable cleaner emissions and lower operating costs, and resulting in lower customer rates
- Local and state tax revenues of at least \$3.3 billion over 30 years
- Elimination of approximately \$3.6<sup>5</sup> billion of future interest payments associated with the V.C. Summer 2 & 3 nuclear project



Further, our vision will be executed from Santee Cooper's existing corporate headquarters in Moncks Corner, South Carolina, under the new name of Santee Cooper Power & Light ("SCP&L").<sup>6</sup> Our plan involves partnering with South Carolina Governor Henry McMaster, the General Assembly, and the Department on behalf of Santee Cooper and Central Electric Power Cooperative, Inc. ("Central") to enact enabling legislation that would, when combined with a suite of proposed definitive documentation already almost entirely finalized with the Department and Central, enable a near-term transformation of Santee Cooper to a more environmentally friendly, resilient, reliable and lower-cost system that provides significant customer savings.

<sup>5</sup> Palmetto Promise Institute report, January 2020

<sup>6</sup> Should South Carolina prefer our use of another name not using "Santee Cooper," NextEra would be open to discuss

NextEra has the experience and vision to create a new energy future for South Carolina. NextEra, a Fortune 200 company included in the S&P 100 Index, is one of the largest electric power and energy infrastructure companies in North America, with a market capitalization of more than \$129 billion.<sup>7</sup> Headquartered in Juno Beach, Florida, NextEra's principal businesses are Florida Power & Light Company ("FPL"), which serves more than five million customer accounts in Florida and is one of the largest, cleanest and lowest cost rate-regulated electric utilities in the United States; recently acquired Gulf Power Company ("Gulf Power"), an integrated utility serving more than 460,000 customer accounts in the Florida Panhandle; and NextEra Energy Resources, LLC ("NEER"), the world's largest generator of renewable energy from the wind and sun and a world leader in battery storage. NextEra has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics, compliance and diversity, and has been ranked No. 1 in the electric and gas utilities industry in Fortune's 2020 list of "World's Most Admired Companies" 13 of the last 14 years and in the top 25 of the Fortune 2018 list of companies that "Change the World."



NextEra Energy was named to the Forbes' list of America's Best Employers for Diversity for the third consecutive year in 2020.



In 2020, NextEra Energy was ranked No. 1 in the electric and gas utilities industry on Fortune's list of "Most Admired Companies" for the 13th time in 14 years.



For the 12<sup>th</sup> time and 8<sup>th</sup> time in a row, NextEra Energy was named in 2019 one of the World's Most Ethical Companies by the Ethisphere Institute, the global leader in defining and advancing the standards of ethical business practices.



For the fourth consecutive year, NextEra Energy was named in 2019 by Forbes as one of America's Best Employers.



In 2018, NextEra Energy was ranked No. 21 among the top 57 companies globally that "Change the World" by Fortune.



In 2019, NextEra received the HIRE Vets Medallion Platinum Award, recognizing our leadership in recruiting, employing and retaining America's veterans.

NextEra has a well-documented track record of delivering large-scale capital projects to improve reliability and affordability for its customers. Over the last decade, NEER has delivered nearly 15 gigawatts ("GW") of renewable generation into operation (more than any other renewable developer in the United States), and FPL has delivered nearly 19 GW of combined-cycle gas generation into operation (more than any other electric utility in the United States).<sup>8</sup> On average, these projects were delivered significantly under budget and ahead of schedule. This ability to deliver major projects has had a direct impact on customers: over the

<sup>7</sup> As of January 27, 2020

<sup>8</sup> S&P Global Market Intelligence

same time period during which these projects were delivered, FPL has improved its reliability by 33 percent while simultaneously reducing its non-fuel O&M expense by 10 percent, its average customer bill by 7 percent and its carbon intensity by 21 percent.

A key pillar of NextEra's proposal is the modernization of Santee Cooper's generation fleet. Over time, we will seek to transform SCP&L into a modern utility with new, clean generation that will provide long-term energy security for SCP&L customers. The transformation of Santee Cooper's older, expensive, predominantly coal-fired generation fleet to cleaner, more efficient energy sources will result in greater reliability and affordability for customers. Over the first four years of NextEra ownership, we expect to invest approximately \$2.3 billion to construct 800 megawatts ("MW") of solar generation, 50 MW of battery storage and 1,265 MW of efficient natural gas-fired generation in South Carolina, leading to the retirement of approximately 1,150 MW of existing coal-fired generation. We also plan to add approximately 300 MW of capacity to the existing Rainey generation station through technology upgrades. This modernization will result in lower operating costs and drive a reduction in emissions. Our proposal also includes a cap on the capital cost for the new generation we are building under our Generation Resource Plan. Further, we have also agreed to not seek recovery of any costs of the Generation Resource Plan projects that are unable to be completed and must be abandoned. These elements of our proposal provide customers with reduced risk and additional rate certainty.

With respect to certain of the existing class action lawsuits, NextEra also presents and includes with its submission for the purchase of Santee Cooper's assets a form of Settlement Agreement that NextEra has negotiated with Class Counsel, acting in their capacity as court-appointed counsel for Class Representatives Jessica S. Cook and Chris Kolbe (collectively, the "Class Representatives") and the class of individuals and entities they represent (collectively, the "Class" or the "Class Members"). The Settlement Agreement, if executed, will settle and resolve all issues and claims that have been, or which could have been, brought against Santee Cooper, the Director Defendants, Central Electric Power Cooperative, Inc., and Palmetto Electric Cooperative, Inc. (collectively, the "Settling Defendants") in the class action styled as Jessica S. Cook, et al. v. South Carolina Public Service Authority, et al., Case No. 2019-CP-23-6675 (S.C. Cir. Ct., Greenville County) which was removed to the U.S. District Court for the District of South Carolina on November 21, 2019 and has not been assigned a case number. All references refer to Cook, et al. v. South Carolina Public Service Authority, et al. whether it is pending in South Carolina state court or U.S. District Court (the "Litigation").

Class Counsel, through a letter that is included with the Settlement Agreement as Exhibit 8 to this bid submission, authorizes NextEra to represent to the Department that they will recommend execution of the Settlement Agreement to the Class Representatives and the Class and use their respective good faith efforts to facilitate the execution of the same if the South Carolina General Assembly approves NextEra as the buyer of Santee Cooper's assets as set forth in the Asset Purchase Agreement ("APA") and enacts the legislation submitted by NextEra as part of its bid, giving effect to terms and conditions negotiated by Class Counsel with NextEra.

Assuming it is recommended by the Department, NextEra's proposal will generally remain open until September 30, 2020, subject to the terms and conditions set forth in the attached "Agreement to Transact." We very much appreciate the admirable efforts of the Department and Central to date in substantially finalizing definitive documentation for the transaction, and we are prepared to begin working immediately with the various stakeholders to continue to move the transaction forward.

Notwithstanding anything in this letter or otherwise to the contrary, NextEra Energy, Inc.'s ("NextEra Energy") Sale Proposal is embodied in its entirety by the form of the APA (and its exhibits and schedules, including the form of enabling legislation and new long-term PPA with Central) attached to the Agreement to Transact as Exhibit A thereto.

**A. Acquiring Entity, Structure and Organization**

**Acquiring Entity**

**NextEra Energy, Inc. (“NextEra”)**

Jurisdiction: Florida

NYSE: NEE

Legal entity type: Public company

Principal business: Electric power and energy infrastructure

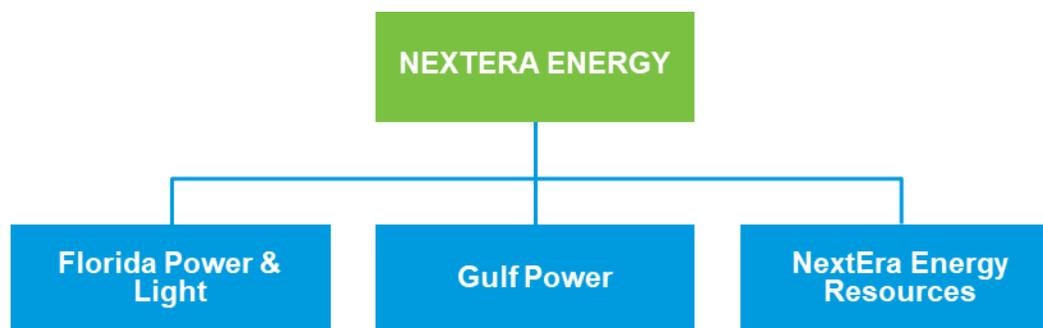
Principal place of business: North America

Corporate credit rating: A- / A- / Baa1<sup>11</sup>

**Organization Overview**

NextEra is one of the largest electric power and energy infrastructure companies in North America, the world’s largest generator of renewable energy from the wind and sun and a world leader in battery storage. NextEra owns two regulated electric companies in Florida, FPL and Gulf Power, and a competitive energy business, NEER. Our strong businesses are supported by a common platform, enabling us to leverage our industry-leading skills and capabilities to drive growth. By investing in smart infrastructure and innovative, clean energy solutions, we are helping build a sustainable energy future that is affordable, efficient and clean, while creating thousands of jobs and generating economic benefits for the communities we serve.

*Current NextEra Organization Structure*



For more information about NextEra companies, visit these websites: [www.NextEraEnergy.com](http://www.NextEraEnergy.com), [www.FPL.com](http://www.FPL.com), [www.GulfPower.com](http://www.GulfPower.com), [www.NextEraEnergyResources.com](http://www.NextEraEnergyResources.com).

**NextEra Operations Information<sup>12</sup>**

	NextEra Total	FPL	Gulf Power	Regulated Utility Total	Unregulated Corp/Other
<b>Revenue (2018)</b>	\$18.3 B	\$11.9 B	\$1.5 B	\$13.4 B	\$4.9 B
<b>Assets (2018)</b>	\$108.9 B	\$53.5 B	\$5.2 B	\$58.7 B	\$50.2 B
<b>Electric Utility Customers</b>	5.5 MM	5 MM	0.5 MM	5.5 MM	-
<b>Net Owned Generation</b>	50.0 GW	24.5 GW	2.3 GW	26.8 GW	23.2 GW
<b>Employees (2018)</b>	15,400	9,100	1,100	10,200	5,200

<sup>11</sup> A- by S&P Global Ratings, A- by FitchRatings, Baa1 by Moody’s Investors Service

<sup>12</sup> NextEra Energy and NextEra Energy 2018 10-K filed with the United States Securities and Exchange Commission on February 15, 2019. Note that Gulf Power was acquired on January 1, 2019, and is not included in our 2018 10-K

**FPL** is the largest electric company in the U.S., as measured by retail electricity provided, and was incorporated under the laws of Florida in 1925. FPL has approximately 24.5 GW of net generating capacity (including four nuclear units totaling 3.5 GW of operating capacity, which represented 22 percent of FPL's 2018 generation megawatt-hour ("MWh") output), approximately 75,200 circuit miles of transmission and distribution lines and approximately 645 substations. FPL provides service to its customers through an integrated transmission and distribution system that links its generation facilities to its customers. FPL's service territory covers most of the east and lower west coasts of Florida. FPL's strategic focus is centered on investing in generation, transmission and distribution facilities to continue to deliver on its value proposition of low bills, high reliability, outstanding customer service and smart clean energy solutions for the benefit of its more than five million customers. Among its customers are a number of Florida municipal authorities and cooperatives, with which FPL has long-standing relationships and collectively serves more than 1.2 GW of full-requirements load.

**Gulf Power** joined NextEra's family of companies on January 1, 2019. Gulf Power has 2.3 GW of net generating capacity, approximately 1,669 miles of transmission lines, 7,751 miles of distribution lines and approximately 135 substations. A rate-regulated electric utility, Gulf Power provides service to its customers through an integrated transmission and distribution system that links its generation facilities to its customers. Gulf Power became a public utility in 1926 and today serves more than 460,000 customers in 71 towns and communities throughout Northwest Florida. J.D. Power has ranked Gulf Power highly for both residential and business customer satisfaction. NextEra is extending our best-in-class value proposition of low bills, clean energy, high reliability and outstanding customer service to Gulf Power's customers.

**NEER** is the world's largest operator of wind and solar projects, and is a leader in battery storage. It has approximately 23.2 GW of total generation in operation, of which approximately 17.4 GW is wind and solar generation and approximately 2.7 GW is nuclear generation. Its strategic focus is centered on the development, construction and operation of long-term contracted assets across 36 U.S. states and four Canadian provinces, including renewable generation facilities, natural gas pipelines and battery storage projects. NEER operates more than 15 GW of wind energy through more than 122 facilities across North America. It also operates approximately 2.3 GW of solar through 37 universal solar projects in the U.S. In addition, NEER is uniquely positioned for the next phase of renewables deployment that pairs low-cost wind and solar energy with a low-cost battery storage solution to meet customer needs for firm generation. NextEra is already the largest owner of operating battery storage in the United States<sup>13</sup>, and it added approximately 350 MW of additional battery storage to its backlog in the third quarter of 2019 alone.<sup>14</sup> NEER currently has 12.3 GW of solar, wind and storage projects in its backlog. Among NEER's customers are a number of municipal authorities and cooperatives, with which NEER has many long-standing relationships and collectively serves nearly 3 GW of load. NEER also includes NextEra Energy Partners ("NEP"), a growth-oriented limited partnership formed by NextEra. NEP owns interests in wind and solar projects and natural gas infrastructure assets in the U.S.

NextEra has been growing its portfolio of natural gas pipelines since 2013. Currently, NextEra owns and operates seven pipelines strategically located in Texas, delivering low cost gas to demand centers in Southeast Texas and Mexico. NextEra has taken an ownership stake in the Sabal Trail Pipeline and owns and operates the Florida Southeast Connection pipeline, which together deliver low cost gas to FPL's gas generation assets. Additionally, NextEra recently closed an investment in the Meade pipeline, a critical energy asset linking low cost Marcellus natural gas with large markets in the Southeast United States.

## **Company Culture**

NextEra strives to maintain a culture of sustainability. Our investments in our communities, our employees and renewable energy and leading-edge, innovative technologies for the benefit of our customers are not only core to our business, but also make us a sustainable company and help deliver the benefits of America's Energy Era to a broad group of stakeholders. We are committed to respecting our environment, providing value for our customers, sustaining our communities and investing in our team.

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<sup>13</sup> Wood Mackenzie Storage Generating Capacity as of November 23, 2019

<sup>14</sup> NextEra 3Q 2019 Earnings Call, October 22, 2019

- **Respecting our environment:** We have proven that clean technology investments can deliver significant environmental benefits. NextEra recently announced a goal to reduce our carbon dioxide (“CO<sub>2</sub>”) emissions by 67 percent by 2025, from a 2005 baseline, which will equate to a nearly 40 percent reduction in absolute CO<sub>2</sub> emissions despite a near doubling of electricity production over that time. In June 2019, NextEra received a best-in-class preparedness assessment in S&P Global Ratings’ Environmental, Social and Governance (“ESG”) Evaluation. NextEra’s final ESG Evaluation score, 86, is expected to be one of the highest rankings to be given by S&P Global Ratings to any corporate entity within the sector. In 2018, we achieved our lowest-ever emissions rates of CO<sub>2</sub>, sulfur dioxide (“SO<sub>x</sub>”) and nitrogen oxide (“NO<sub>x</sub>”) — rates that were 55 percent, 96 percent and 81 percent lower, respectively, than the average U.S. utility sector.
- **Providing value for our customers:** We take pride in providing our customers with affordable, reliable and clean energy to power their homes and businesses. We have built one of the most advanced electric grids in the country and have invested billions of dollars in hardening and automation. Due, in part, to these investments in improving reliability, FPL was able to restore power to more than two million customers in one day following Hurricane Irma in 2017 and to all 4.4 million customers impacted by the storm in 10 days. During Hurricane Dorian in 2019, NextEra was able to restore its 160,000 customers that lost power in an average of just over an hour and avoided an additional 37,000 outages due to prior investments in smart grid technology.
- **Sustaining our communities:** Our investments create jobs and economic opportunities across America, including in many rural communities, and our tax payments provide funding for schools, emergency services and other local needs. NextEra and its employees contributed more than \$13.7 million in 2018 to support wide-ranging initiatives and causes that contribute to the well-being of our communities. As part of our Power to Care volunteer program, our employees contributed 85,000 hours in 2018 to their local communities through company-sponsored projects and personal volunteer time.
- **Investing in our team:** At NextEra, we believe our team is our greatest competitive advantage. We value our employees’ continuous learning and development and health and well-being, and encourage a culture where innovative ideas are shared and diversity and inclusion are celebrated. In 2019, we were named to Forbes’ list of “America’s Best Employers” for the fourth year in a row and we were recently named to Forbes’ list of “Best Employers for Diversity” for the third consecutive year since its inaugural year. We continue to invest in our team by attracting and retaining the top talent in the industry.

Employee safety is NextEra’s highest priority, and we are committed to maintaining a safe working environment, including using suppliers with a demonstrated commitment to safety. Since 2008, when we launched *ZERO Today!*, our safety program built on the philosophy that all injuries are preventable, our safety performance has improved by 61 percent.

## **Experience**

As one of the largest rate-regulated electric utilities in the country, NextEra is qualified and capable of owning and managing all of Santee Cooper’s assets. With approximately 50 GW of electricity generation capacity across North America and as the world’s leader in renewable energy from the wind and sun, NextEra is committed to bringing its innovative approach to South Carolina to transform Santee Cooper into a cleaner, more efficient utility, providing greater customer value.

We intend to rely on the same core principles we utilize at our FPL and Gulf Power subsidiaries, which provide superior customer value to more than 5.5 million electric customer accounts in Florida. Central to our operating philosophy is a strong and steady focus on improving customer value both short-term and long-term.

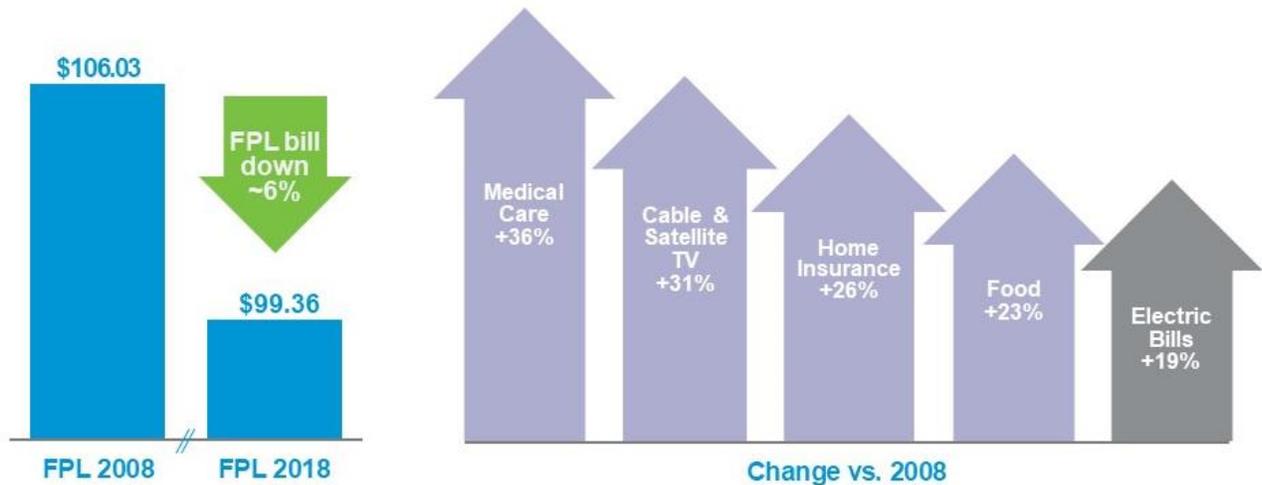
### The FPL Virtuous Circle

Fundamentally, we believe that exceptional customer value results in strong customer satisfaction. The combination of customer value and customer satisfaction, in turn, helps to support a constructive regulatory environment. A constructive regulatory environment, in turn, is essential to our ability to deliver customer value, because to deliver that value, FPL must maintain a strong credit rating, have ready access to sufficient debt and equity capital and rely on stable, constructive regulation to make the types of smart, innovative, capital-intensive investments necessary to produce that customer value.



We believe this Virtuous Circle model has worked exceptionally well for FPL customers over many years, where we have meaningfully reduced customer bills and improved the reliability and resiliency of our electric transmission and distribution network. FPL’s typical 1,000 kilowatt-hour (“kWh”) residential monthly bill (the “Typical Residential Bill”) was 6 percent lower in 2018 relative to 2008 levels on an absolute nominal basis, as we passed on to customers O&M savings and fuel-cost savings derived from our investments in clean natural gas and solar generation facilities and other initiatives. Our 6 percent bill reduction stands in stark contrast to the 19 percent increase in the Typical Residential Bill of other national investor-owned utilities<sup>15</sup> (“IOU”), as well as the increase in costs related to other essential services over the same 10-year time horizon. We expect to continue to apply this customer-beneficial model in bringing value to the residents and businesses of the communities, both existing and new, that we serve.

### FPL Customer Bill Comparison<sup>16,17</sup>



<sup>15</sup> Electric bills are national average as reported in Edison Electric Institute’s (“EEI”) Typical Bill and Average Rates Report.

<sup>16</sup> Source: NextEra, based on annual average rates based on a typical 1,000 kWh residential bill.

<sup>17</sup> Medical care, cable & satellite TV, home insurance and food data from U.S. Dept. of Labor Consumer Price Index for January 2008 versus December 2018; electric bills are national average as reported in EEI Typical Bill and Average Rates Report.

Our Gulf Power acquisition is informative as to how NextEra applies FPL's approach to a utility system brought into the NextEra family. We have publicly indicated that Gulf Power provides significant long-term opportunities to implement a customer value proposition similar to FPL's. Within one year of ownership<sup>18</sup>, through the hard work of our talented and dedicated employees, we announced a number of specific goals consistent with our strategy of reducing operating costs, improving utility service reliability and reducing customer bills. NextEra has disclosed its intent to accomplish the following by the end of 2021:

- Reduce Gulf Power's System Average Interruption Duration Index ("SAIDI") by approximately 20 percent.
- Reduce Gulf Power's CO<sub>2</sub> emissions rate by 40 percent through investments in cleaner natural gas and solar generation facilities.
- Reduce fuel costs by almost 50 percent through generation modernization and operational efficiencies.
- Reduce the Typical Residential Bill by approximately 9 percent<sup>19</sup>.

We do not see Gulf Power as an anomaly; rather, we see Santee Cooper as providing the same type of opportunity to produce tremendous value for the businesses and residents of South Carolina.

FPL has positioned itself as a leader among electric utilities with a comprehensive economic development program. In 2012, we made a strong commitment to support economic development in Florida with the establishment of an Office of Economic Development ("OED"). Since then, FPL has taken a leadership role in our state's economic development efforts through the support of local, regional and state organizations and initiatives across the state. Since 2012, job creation and capital investment in the 35 Florida counties served by FPL have resulted in a total impact of more than \$90 billion in the state and a \$44 billion impact on Florida's Gross Regional Product ("GRP"). In addition to a strong fiscal impact, since 2012 more than 78,000 new and retained jobs have been directly supported by FPL's OED, as well as an additional 214,000 direct, indirect and induced job creations.

Our activities extend beyond Florida's state lines to the rural communities where NEER's 24 GW of predominantly clean generation assets are located. In 2018, NEER contributed more than \$300 million to communities through property taxes, lease payments, community support, charitable giving and other tax payments.

NextEra also has a history of operating hydroelectric facilities under Federal Energy Regulatory Commission ("FERC") license. NextEra, through FPL Energy Maine, owned and operated 29 hydroelectric facilities and seven storage facilities in Maine from 1999-2012. FPL Energy Maine performed all responsibilities required under the FERC license associated with the project, including maintaining public access, shoreline management, vector management and park maintenance. We maintained hundreds of FERC and non-FERC licensed public recreation sites along the Maine Hydro projects, provided public access to whitewater rafting, parking and trails and optimized river flows to promote angler fishing. Additionally, we 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 and promoted wetland preservation by working with the U.S. Fish and Wildlife Service to implement a 15-year wetland monitoring plan at Moosehead Lake. Finally, our efforts also included education and outreach efforts, including engagement with local schools and participation and contribution research projects related to archaeology, loons, fisheries, turtles, mercury, water quality, macro-invertebrates, wetlands, nesting birds, recreation use, hydropower engineering and renewable energy.

## **Other Considerations**

Reliability and dependability are two virtues which are deep-rooted in our organization, and not just in the context of electric utility operations. Over the past decade, NextEra has met or exceeded the commitments made to regulators, shareholders, capital providers and other stakeholders.

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<sup>18</sup> Gulf Power acquisition closed on January 1, 2019.

<sup>19</sup> In terms of 2018 real dollars.

- Over the last 15 years, our engineering and construction team has built over 181 major capital projects that were on average 20-days ahead of schedule and approximately \$900 million under budget. All of our 123 wind projects have never missed our customers' expected year-end commercial operations date targets.
- Every year, we commit to improving upon our industry-leading non-fuel O&M measures. In 2018, FPL's non-fuel O&M per MWh cost was 13 percent better (i.e. lower cost) than our already industry-leading 2016 levels, equating to more than \$2 billion in annual savings for customers (or approximately \$20 per month on the Typical Residential Bill) when compared to average industry performance.
- We are highly focused on maintaining our strong credit metrics and access to the debt and equity capital markets, with a commitment to retaining our A- credit rating at S&P and a business mix comprised of at least 70 percent regulated operations.
- NextEra pursues utility mergers and acquisitions transactions only when we see an opportunity for long-term value and where we can improve the value proposition for customers, not for the sake of short-term earnings growth.

We have often told our investors "we say what we do, we do what we say," which underscores our transparency and our willingness to be held accountable by all of our stakeholders.

NextEra's culture promotes a focus on continued excellence, to never be complacent or rely on past accomplishments and to challenge the entire organization to improve upon our best-in-class services on behalf of our customers.

Exhibit 2 provides more details regarding our experience and accomplishments, including our awards and achievements, and describes the successful modernization of FPL's generation fleet. We think our track record demonstrates our dedication to providing superior customer value, reliability, sustainability, customer service and efficiency.

## **Financial Capability**

Measured by market capitalization, NextEra is the largest utility company in the world with a market capitalization of more than \$129 billion and a total enterprise value of more than \$173 billion.<sup>20</sup> Our balance sheet is one of the strongest in the industry. Our long-term issuer credit ratings of A- / A- / Baa1 by S&P Global Ratings ("S&P"), FitchRatings ("Fitch") and Moody's Investors Service ("Moody's"), respectively, the three leading credit rating agencies globally, reflect the strength of our balance sheet and the discipline with which we allocate capital. We view our financial strength not only as a key component of our strategy, but also as critically important to our ability to continue investing in our business for the benefit of our customers. In fact, we have maintained ratings in the single-A category for more than 25 years and will continue doing so in the future.

We maintain one of the largest credit facilities in the industry, with more than \$21 billion of credit facilities, commitments, term loans and current project debt funded or committed from over 100 banks.<sup>21</sup> NextEra funded the recent Gulf Power acquisition through bi-lateral loan agreements with four banks that provided total commitments of an aggregate amount of \$18 billion, which was more than four times the amount needed to fund the transaction. Further, NextEra received indications of interest from an additional 12 banks, totaling \$32 billion of incremental funding, if needed. As of September 30, 2019, NextEra's total net available liquidity was approximately \$9.8 billion.<sup>22</sup>

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<sup>20</sup> As of January 27, 2019

<sup>21</sup> June 2019 Investor Conference Presentation

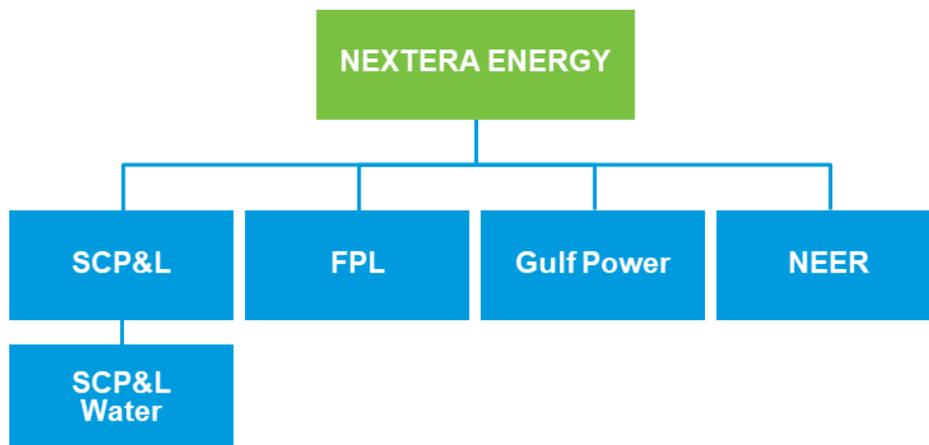
<sup>22</sup> NextEra 3Q 2019 10-Q quarterly report

NextEra would finance an acquisition of Santee Cooper with a mix of financing sources, including debt and hybrid securities. Our acquisition financing plan would ensure the strength of NextEra's balance sheet and our existing credit ratings are maintained. To support our proposal, NextEra Energy, Inc., fully guarantees to the state of South Carolina all payment obligations under the APA.

### Proposed Transaction Structure and Utility Organizational Structure

NextEra's strategy is to acquire regulated utilities where we see opportunities for investments in generation, power delivery and customer service that allow us to improve costs, reliability, storm resilience and customer service, while providing lower rates to customers. We believe Santee Cooper's utility systems are attractive due to the opportunity to invest in new, state-of-the-art, clean generation facilities to replace older, more expensive coal generation and to invest capital into the power delivery systems to improve storm resilience and reliability. We believe these investments will prove mutually beneficial to customers, local communities and the state of South Carolina.

At closing of the proposed transaction, a new controlled subsidiary of NextEra, SCP&L, will purchase certain assets and assume certain obligations of Santee Cooper pursuant to the APA. Upon closing of the transaction, NextEra would have three electric utility subsidiaries: FPL, Gulf Power and SCP&L. In addition, NextEra will continue to own NEER, the entity through which NextEra owns and operates its competitive renewable energy business along with other competitive businesses. The chart below provides a simplified version of the proposed corporate structure.



Our proposal includes acquiring all generation, transmission and distribution assets of the electric utility and includes all of the assets associated with the wholesale water companies and FERC Project 199 hydroelectric assets. Each business, including the water companies and hydro assets, will be managed locally in South Carolina but will benefit from the oversight and breadth of experience of NextEra's senior management team.

NextEra's organizational structure by functional area allows us to serve each of our subsidiaries efficiently and to share best practices across the organization. Our structure is a key reason why we are one of the safest, most reliable and lowest-cost utilities in the industry.

### Management Team and Governance

SCP&L will be managed by a team of both existing employees and experienced professionals from the NextEra family. Michele Wheeler, vice president, regulatory and political affairs for NEER, will be the president and chief executive officer ("CEO") of SCP&L. She will report to Jim Robo, chairman and CEO of NextEra, and will work closely with NextEra's executive management team, including Eric Silagy, president

and CEO of FPL, and Rebecca Kujawa, executive vice president, finance and chief financial officer (“CFO”) of NextEra.

**Jim Robo** is the chairman and CEO of NextEra. He was named president and CEO in July 2012 and became chairman of the board of directors in December 2013. In December 2006, Mr. Robo was named president and chief operating officer of NextEra. Prior to that, he had served as president of NEER from 2002-2006. He joined NextEra as vice president of corporate development and strategy in March 2002. Previously, Mr. Robo was president and CEO of a major division at GE Capital. He also served as chairman and CEO of GE Mexico and was a member of the GE corporate development team. Under Mr. Robo's stewardship, NextEra won the Edison Electric Institute (“EEI”) Index Award for the Large Cap Category for achieving the highest total five-year shareholder return the last four years in a row. He was recognized as the best CEO in the industry as part of Institutional Investor's All-America Executive Team ranking and was named CEO of the Year five years in a row by Utility Dive in 2018. He was also recognized as one of the 30 leaders on Barron's 2019 list of "World's Best CEOs."

**Eric Silagy** is president and CEO of FPL. He was appointed president in December 2011 and CEO in May 2014. From April 2008 to December 2011, he served as senior vice president of regulatory and state governmental affairs and as chief development officer of FPL, managing all generation development, including solar, natural gas and nuclear energy projects. At NEER, Mr. Silagy served as vice president and general manager of the Southern Region and vice president of business development. Mr. Silagy joined NextEra as vice president of development in 2003. In 2018, he was selected by the Florida Council of 100 to receive the Governor's Business Leader of the Year Award and he is currently serving a seven-year term as a member of the Board of Governors for the state university system of Florida. He has previously served as the chair of the Florida Chamber of Commerce Board of Directors from 2013-2014 and was re-appointed to the U.S. Chamber of Commerce Board of Directors in 2019 for another two-year term.

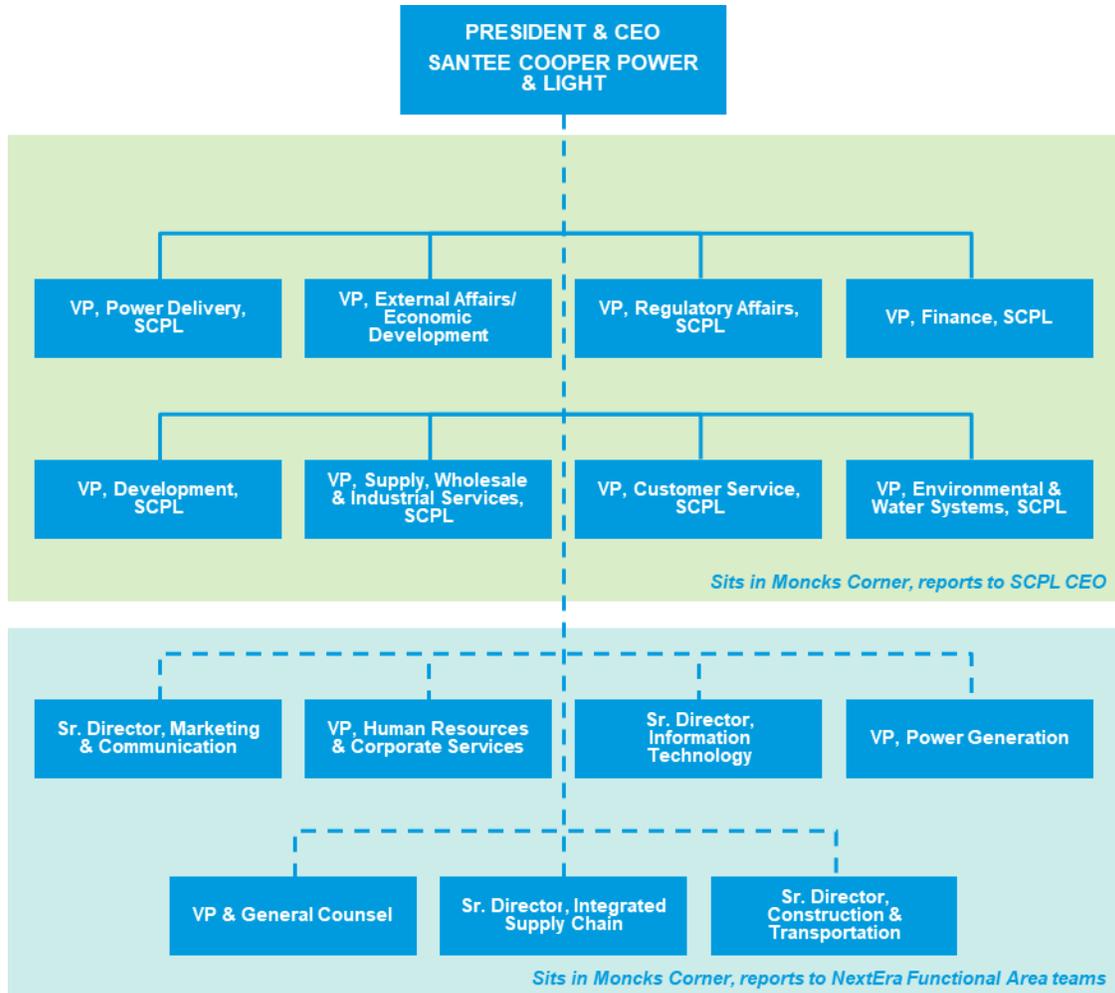
**Rebecca Kujawa** is executive vice president, finance and CFO for NextEra. Ms. Kujawa is executive vice president, finance and chief financial officer of the company's rate-regulated electric utility subsidiary, FPL, as well as chief financial officer and a member of the board of directors of NEP (NYSE: NEP), a growth-oriented limited partnership formed by NextEra Energy to acquire, manage and own contracted clean energy projects. Ms. Kujawa joined NextEra Energy in 2007 in NextEra Energy Marketing and has held various business and finance roles. She previously served as vice president of business management for NextEra Energy Resources. In addition, she has held the positions of vice president of business management for the Midwest and International region for NextEra Energy Resources and director of investor relations for NextEra Energy.

**Michele Wheeler** is vice president, regulatory and political affairs for NEER. Appointed to her current role in 2013, Ms. Wheeler is responsible for developing and implementing regulatory and legislative strategies for all of NEER's operations and development businesses in more than 36 U.S. states and Canada. Prior to that, she was vice president, business management for the South Region, which includes Texas, Oklahoma, Kansas and Nebraska and, during her tenure, represented over 6,700 MW of generating assets. In this role, she had P&L responsibility for gas-fired and wind assets in the South Region; worked closely with NextEra's power generation and power delivery organizations to ensure operational excellence; partnered with the regulatory and political affairs team to develop and implement regulatory and legislative strategies; identified and mitigated financial and operational risks; worked closely with the company's development team to ensure successful onboarding of new projects; and participated in the initial Momentum (now Accelerate) program supporting the power generation division. Ms. Wheeler has been with NextEra Energy for more than 25 years and has held various other roles in trading risk management, internal auditing, customer service and finance. She serves as a director of the Association of Women in Energy, an organization dedicated to helping women in the energy industry.

Together, the proposed management team has nearly 120 years of collective experience and have been working together for more than 12 years.

Additionally, SCP&L will have its own management team, reporting to the CEO of SCP&L. The CEO of SCP&L and the management team of the new utility will be located in Moncks Corner, South Carolina, and

all officers will have a reporting relationship to the president and CEO of SCP&L, as noted in the chart below. Certain functions will also report to shared services executive management, which is located in Juno Beach, Florida, in order to take advantage of the experience and resources available at NextEra. This structure is similar to NextEra's reporting structure with FPL and Gulf Power.



NextEra's primary shared functional areas are power generation, integrated supply chain, engineering & construction and administrative & general, which includes marketing & communication, human resources ("HR"), information technology ("IT") and general counsel. These functions will be served by shared services in Juno Beach and local employees in Moncks Corner and will report to a lead team in Juno Beach.

Our **power generation** team operates and maintains approximately 50 GW across the U.S., including wind, solar, battery storage, natural gas and coal. Power generation is managed centrally from Juno Beach, with local employees deployed throughout our service territories and operating sites. This approach allows NextEra to manage the generation sites efficiently, safely, reliably and consistently across the entire enterprise. We recently integrated the Gulf Power power generation team, which is located in Pensacola, Florida, under the centralized power generation management team. SCP&L will have its own vice president of power generation located in Moncks Corner for its fleet.

The **integrated supply chain** team supports the entire enterprise under the functional model of common work, which strengthens strategic execution of procurement, supports a scalable business model and streamlines decision-making. The team is centrally managed from Juno Beach and processes more than 850,000 material transactions annually and manages more than \$11 billion of annual NextEra spend. We

recently integrated the Gulf Power supply chain team, which is located in Pensacola, under the centralized integrated supply chain management team. SCP&L will have its own senior director of integrated supply chain located in Moncks Corner.

Our **engineering and construction** team has delivered 181 projects since 2003, including approximately 31 GW of generation, on average on (or ahead of) schedule and on (or under) budget. These projects include nuclear, fossil, solar and wind generation, pipelines and transmission. Engineering & construction is centrally managed in Juno Beach, with local employees deployed throughout our service territories and operating sites. SCP&L will have its own senior director of engineering & construction located in Moncks Corner.

Our centralized **administrative & general** functions are located in Juno Beach and provide services across the enterprise. These services include HR, IT, environmental, corporate real estate, marketing and communication and some finance roles under our Financial Center of Excellence. Gulf Power's managers and directors who lead these organizations report to the corresponding management teams in Juno Beach. SCP&L will have its own managers in these business units located in Moncks Corner. This consolidation allows us to be more efficient and agile in responding to the needs of our businesses in order to provide safe, reliable and consistent service to our customers.

NextEra is excited about the opportunity to provide clean, reliable power to South Carolina's citizens, communities and businesses for generations to come.

## **B. Assets Acquired and Liabilities Assumed**

### **Assets Acquired**

NextEra is proposing to purchase Santee Cooper's utility assets, including electric utility assets, wholesale water facilities and all hydro assets related to the FERC Project No. 199 license including transfer of the license.

Our proposal also includes acquiring the full amount (both restricted and unrestricted portions) of the Nuclear Decommissioning Trust funds. Pursuant to document 2.2.65 "Restricted\_Non-Restricted Cash" in the transaction data room, the balance of the restricted and unrestricted Nuclear Decommissioning Trust funds is \$232.8 million as of September 30, 2019. To the extent the balance of the Nuclear Decommissioning Trust is lower at closing, our purchase price would be adjusted as set forth in the APA.

### **Liabilities Assumed**

NextEra is proposing to assume certain Santee Cooper liabilities as set forth in the APA or otherwise help to address certain Santee Cooper liabilities not being assumed. For example, without assuming or accepting liability associated with V.C. Summer 2 & 3, NextEra's proposal significantly contributes to the reduction of those liabilities, including elimination of all V.C. Summer 2 & 3 debt, a customer refund in the amount of \$541 million,<sup>23</sup> and other consideration as set forth in the proposal. We also exclude Dominion Energy Inc.'s ("Dominion") claim under the Design and Construction Agreement ("DCA") and generally exclude unfiled, unidentified potential litigation claims as of the date of this proposal (other than certain ordinary course litigation claims as set forth in the draft APA, and other liabilities).

NextEra will not assume Santee Cooper's existing pension and OPEB liabilities for active or inactive employees. These liabilities will remain with Santee Cooper and the employee's accrued benefit will be frozen. Upon joining NextEra, SCP&L employees will be eligible for NextEra's defined benefit pension plan on Day 1 and will be given vesting credit for prior service with Santee Cooper, saving the state future pension expenses related to service cost growth and compensation increases. No contributions will be required from SCP&L employees to the NextEra pension. In addition to participating in NextEra's pension, SCP&L employees will also be eligible to participate in NextEra's 401(k) and receive employer matching contributions to further enhance their retirement fund growth potential.

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<sup>23</sup> Total proposed refunds are \$941 million, including the \$541 million referenced here

**C. Consideration**

NextEra's plan for Santee Cooper calls for a full recapitalization to establish a financially sound company. We propose to defease 100 percent of Santee Cooper's existing debt at closing and to provide payments to Santee Cooper totaling at least \$500 million and up to \$600 million subject to the provisions of the APA. To achieve this, NextEra's proposed total consideration is \$8,520 million, which will provide sufficient proceeds to defease all of Santee Cooper's currently outstanding debt, pay associated defeasance premiums, and repay approximately \$306 million of short-term debt. Pursuant to the APA, NextEra will assume increases in defeasance costs to the extent attributable to interest rate fluctuations. The \$8,520 million total consideration will be funded by (i) a \$7,195 million cash contribution from NextEra and (ii) securitization proceeds of approximately \$1,325 million. Assuming Santee Cooper does not incur additional indebtedness, no Santee Cooper debt will be left with the state of South Carolina following the closing of the proposed transaction, and our proposal does not contemplate the inclusion of any regulatory asset associated with the V.C. Summer Units 2 & 3 nuclear project in rate base.

Sources (\$ millions)		Uses (\$ millions)	
Cash from NextEra	<b>\$7,195</b>	Par value of long-term debt <sup>24</sup>	<b>\$6,553</b>
Existing Cash at Closing <sup>25</sup>	<b>\$0</b>	Defeasance Premium on Long-term debt	<b>\$1,046</b>
Securitization Contribution	<b>\$1,325</b>	Short-term debt <sup>24</sup>	<b>\$306</b>
		Payment to Santee Cooper	<b>\$500</b>
		Payment to Santee Cooper subject to escrow pursuant to APA	<b>\$100</b>
		Santee Cooper Expense Reimbursement	<b>\$15</b>
<b>Total Sources (excl. customer refund)</b>	<b>\$8,520</b>	<b>Total Purchase Price</b>	<b>\$8,520</b>

In addition to the \$8,520 million of total consideration noted above, NextEra is prepared to provide Santee Cooper's wholesale and retail customers \$941 million in aggregate customer refunds subject to the terms set forth in NextEra's proposal. This combined value represents an adjusted total consideration of \$9,461 million. Beyond the immediate value of the customer refund, NextEra proposes to freeze rates for all Santee Cooper retail and wholesale customers, including Central, for four years.

NextEra's proposal is sufficient to defease Santee Cooper's indebtedness based on the assumptions as to outstanding indebtedness and interest rates as set forth in and as requested in the process letter addendum dated November 15, 2019. Pursuant to the APA, NextEra will assume increases in defeasance costs to the extent attributable to interest rate fluctuations.

The table below outlines certain key assumptions related to working capital and pre-closing capital expenditures.

<sup>24</sup> Per the process letter addendum

<sup>25</sup> Per the process letter addendum, our proposal assumes that all Santee Cooper cash, which was \$1,136.9 million as of September 30, 2019, will remain with Santee Cooper at closing subject to terms of the APA; for avoidance of doubt, our proposal assumes that the nuclear decommissioning trust funds (total balance at September 30, 2019 of \$232.8 million) are transferred in full to NextEra with the assets

<b>Target Working Capital</b>	
Assets	\$647.7 million
Liabilities	\$230.5 million
<b>Total Working Capital Balance</b>	<b>\$417.2 million</b>
<b>Target Capital Expenditures</b>	
4Q 2019	\$111.5 million
2020	\$262.0 million
<b>Cumulative Through 2020</b>	<b>\$373.5 million<sup>26</sup></b>

NextEra's proposal includes payments of at least \$500 million and up to \$600 million to Santee Cooper, which could be used to satisfy Santee Cooper's obligations, including pension and retiree obligations. NextEra will not assume Santee Cooper's existing pension and OPEB liabilities for active or inactive employees. These liabilities will remain with Santee Cooper and the employee's accrued benefit will be frozen. Upon joining NextEra, SCP&L employees will be eligible for NextEra's defined benefit pension plan on Day 1 and will be given vesting credit for prior service with Santee Cooper, saving the state future pension expenses related to service cost growth and compensation increases. A full discussion of NextEra's plans to provide retirement and healthcare benefits for employees and retirees is included in the Legislative Requirements Appendix.

Pursuant to the APA, our proposal will result in the restricted and unrestricted cash on Santee Cooper's balance sheet as of September 30, 2019, of approximately \$1 billion remaining with Santee Cooper, delivering additional significant value to stakeholders<sup>27</sup>.

The draft of the opinion letter from Hogan Lovells supporting NextEra's plan to fully defease all outstanding Santee Cooper debt is included in Exhibit 4. Responses to the Joint Resolution Requirements Sections 2(A)(2), 2(A)(3) and 2(A)(8) are included in the Legislative Requirements Appendix.

## **Financing Plan**

NextEra would finance an acquisition of Santee Cooper with a mix of financing sources, including debt and hybrid securities. Our financing plan would ensure the strength of NextEra's balance sheet and our existing credit ratings are maintained. To support our proposal, NextEra, as signatory to the APA, backs all payment obligations under the APA.

At closing of the proposed transaction, SCP&L's capital structure will reflect an equity capitalization at a predetermined level in-line with recent South Carolina Public Service Commission ("SCPSC") precedent rate cases. NextEra will implement SCP&L's capital structure of 52 percent equity and 48 percent utility debt for all regulatory purposes, including the computation of Allowance for Funds Used During Construction ("AFUDC") for a period of four years post-closing. Based on an estimated rate base of approximately \$5.7 billion, including Construction Work in Progress, at December 31, 2020, NextEra will raise approximately \$2.7 billion of utility debt at SCP&L. The remaining rate base will be funded through an equity contribution from NextEra, which will be financed as outlined above.

## **Securitization**

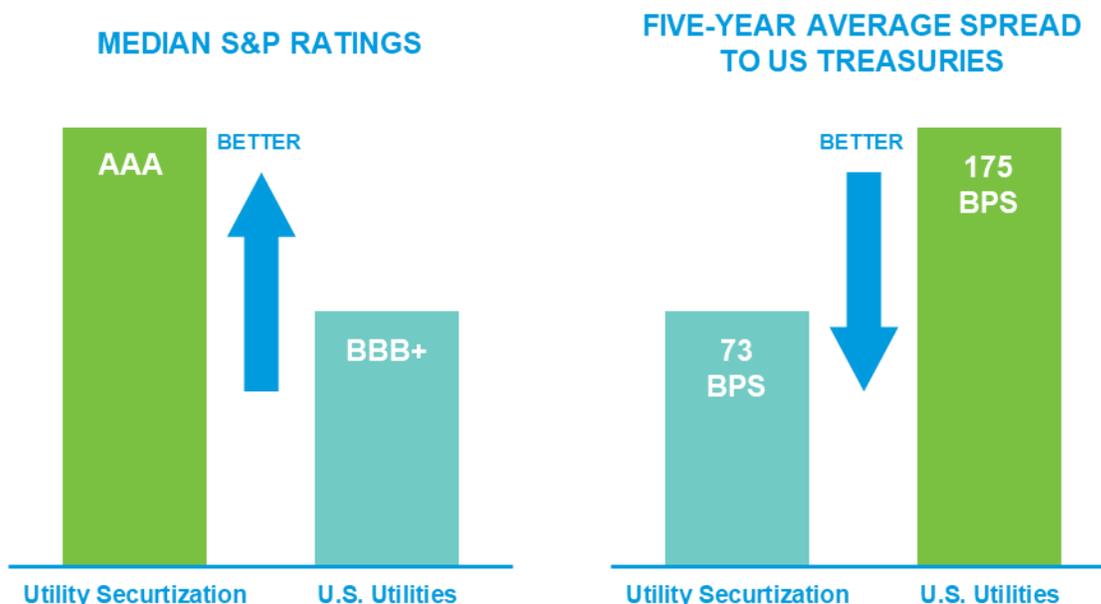
NextEra's proposal also contemplates an aggregate principal amount of \$1,325 million in securitization. The proposed securitization will benefit the state and Santee Cooper customers as it provides a source of low-cost, long-term debt financing which provides funds to help defease Santee Cooper's existing debt. The securitization provides for a competitive future rate outcome for all of Santee Cooper's customers.

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<sup>26</sup> Budgeted capital expenditures based upon Santee Cooper Capital Targets thru September 2019 and FF20 budget. Expected cumulative capital expenditure from October 1, 2019 thru close will be calculated based upon realized close date; presented capital expenditure assumes a close of 1/1/2021. NextEra expects that Santee Cooper will be able to provide monthly capital budgets for 2020 and 2021 to facilitate this calculation.

<sup>27</sup> Excludes the internal and external nuclear decommissioning funds

## Securitization Compared with Corporate Debt Issuance



NextEra's proposed financial structure directly benefits the state of South Carolina and reduces financial exposure of customers by pre-paying or defeasing all existing Santee Cooper debt at closing, including more than \$4 billion of debt associated with the V.C. Summer 2 & 3 nuclear project, and saving an estimated \$3.6 billion of interest expense over the next 30 years.<sup>29</sup> In addition to fully retiring Santee Cooper's debt, NextEra's proposal expects to provide significant proceeds to Santee Cooper and both immediate and on-going customer rate benefits, which represents a highly compelling value to the state of South Carolina and to Santee Cooper's customers.

### D. Adherence to Fixed Assumptions

NextEra is committed to providing Santee Cooper's customers with low-cost and reliable power immediately following transaction close and through the long-term future of the utility. In order to demonstrate our commitment to and confidence in lower long-term rates per the terms outlined in the APA, NextEra is prepared to provide wholesale and retail customers with customer refunds totaling \$941 million within 180 days of the close of the transaction. Additionally, our proposal does not contemplate the inclusion of any regulatory asset associated with the V.C. Summer Units 2 & 3 nuclear project in rate base.

In addition to the customer refund, NextEra's proposed rate structure includes a four-year rate freeze period for both retail and wholesale customers, including Central, that will provide customers with rate stability for four years from the close date. We plan to provide this rate certainty by freezing both base and fuel rates. The details of the rate freeze for each customer class is shown in Exhibit 6. The approximate average \$/MWh rate for each customer class, as estimated by the model provided by the Department for the purpose of this process (the "Revenue Requirement Model") is outlined in the table below. Note that this table includes the benefit of the customer refund, allocated ratably over the four-year rate freeze period.

<sup>29</sup> Palmetto Promise Institute report, January 2020

### Average System Rates During Rate Freeze

(\$/MWh)	2021	2022	2023	2024
<b>System Average<sup>30</sup></b>	<b>\$63</b>	<b>\$63</b>	<b>\$63</b>	<b>\$63</b>
<b>Central</b>	<b>\$64</b>	<b>\$64</b>	<b>\$64</b>	<b>\$64</b>
<b>Residential &amp; Commercial</b>	<b>\$95</b>	<b>\$95</b>	<b>\$95</b>	<b>\$95</b>
<b>Industrial</b>	<b>\$40</b>	<b>\$40</b>	<b>\$40</b>	<b>\$38</b>
<b>Municipal</b>	<b>\$48</b>	<b>\$48</b>	<b>\$48</b>	<b>\$48</b>

Beyond the proposed rate freeze, NextEra's proposal contemplates providing additional rate certainty for customers by entering into hedges for natural gas. These hedges would extend through 2031, well beyond the contemplated rate freeze period, and would protect customers against increases in the market price of natural gas. Coupled with the rate freeze and the addition of solar and efficient gas generation capacity, we believe this provides customers with visibility to low and stable rates over an extended time period.

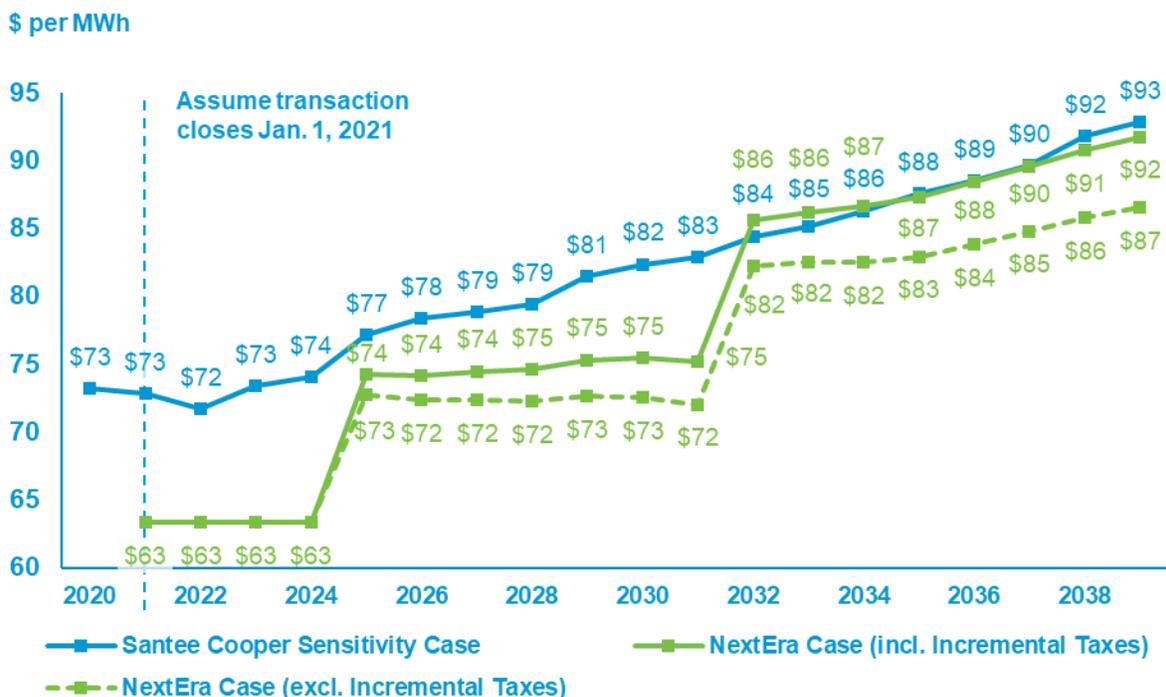
To put into context the impact of the NextEra plan for Santee Cooper's customers, we have compared our proposed rates during the rate freeze period to the projected rates of Santee Cooper as a standalone entity over the same time period. The Santee Cooper standalone projected rates are derived from the forecast provided by the Department for the purpose of this process (the "Business Forecast Sensitivity Case" or "Sensitivity Case"). During the rate freeze period from 2021 to 2024, combined with the customer refund, NextEra's proposal results in customer savings of \$958 million compared to the Sensitivity Case.

After the rate freeze, our proposal provides for competitive rates that are projected to be significantly lower on average than those forecast in the Sensitivity Case. The nominal savings to customers from 2021-2039 is projected to be approximately \$2.3 billion relative to the Sensitivity Case. These savings are a combination of investment in new, efficient, generation resources, locking in low fuel prices through our hedging program and overall operational efficiency improvements.

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<sup>30</sup> Rates include \$941 million in customer refunds, allocated over the duration of the rate freeze (2021-2024), which is equivalent to an approximately \$9.55/MWh reduction to the system rate, as well; rates in all years include the securitization charge

**System Rates Comparison – Four-Year Rate Freeze (\$/MWh)<sup>31,32</sup>**



We confirm that our customer rate analysis is based upon the “Fixed Assumptions” provided, including 1) inflation, 2) fuel prices beyond 2031, 3) load, 4) gypsum prices, 5) FERC relicensing costs, and 6) cost allocation between retail and wholesale customers. As noted above, we have presented the average system rate comparison using a hedged gas curve through 2031 and the Sensitivity Case forward natural gas price curve thereafter.

Other key assumptions used to develop the rate forecast under this proposal are provided in response to Section 2(A)(4) in the Legislative Requirements Appendix. The tables in Section 2(A)(4) in the Legislative Requirements Appendix summarize our rate projections on an annual basis.

Based on these rate forecasts, we expect Santee Cooper’s customers will save, on a nominal basis, approximately \$2.3 billion from 2021-2039 as compared to the Sensitivity Case, which represents a value of approximately \$1.7 billion on a present value basis at the state’s average cost of capital of 5 percent.<sup>35</sup> For the typical residential customer<sup>36</sup>, this equates to approximately \$10 of monthly savings during the four-year rate freeze, approximately \$116 of savings annually during the four-year rate freeze, and approximately \$911 savings from 2021-2039.

**Risks to Our Rates**

By committing to a four-year rate freeze, this proposal significantly reduces the risk to ratepayers during the rate freeze period. At closing, rates will be fixed for this period with limited uncertainty for customers. Potential impacts to rates during the rate freeze may arise due to unexpected and non-controllable events which are explained in Exhibit 1.

<sup>31</sup> NextEra Case rates include \$941 million in customer refunds, allocated over the duration of the rate freeze (2021-2024), which is equivalent to an approximately \$9.55/MWh reduction to the system rate; rates in all years include the securitization charge

<sup>32</sup> For comparison purposes, NextEra rates shown in the dotted line exclude incremental state and local taxes which are not paid by Santee Cooper and which will provide additional benefits to the state of South Carolina

<sup>35</sup> Inclusive of \$941 million customer refunds

<sup>36</sup> We assume the typical residential customer consumes 1,000 kWh per month

Fuel costs are typically a significant source of uncertainty for utility rates. In addition to eliminating this uncertainty during the rate freeze period, the NextEra plan significantly mitigates this risk over an extended period through:

- Putting in place a balanced Generation Resource Plan that includes significant investment in solar generation, highly efficient gas fired generation, and preserving the option to utilize some of the existing coal fired facilities should there be a significant shift in future commodity prices
- Supplementing the Generation Resource Plan with a fuel hedging plan that significantly reduces the risk of increases in natural gas prices through 2031, well beyond the rate freeze period

Our proposal also includes a cap on the capital cost for the new generation we are building under our generation plan. Further, we have also agreed to not recover any costs from generation projects that are not completed or abandoned. These elements of our proposal provide customers with reduced risk and additional rate certainty.

Because of the extended time period between submission of this bid and signing and closing of the transaction, there are limited, specific rate adjustments that will be required related to utility interest rates, natural gas prices and delivered coal costs. As outlined in the term sheet, at the time of signing of the definitive APA, NextEra expects to eliminate uncertainty for customers due to interest rates. At the time of closing, we will eliminate the fuel cost risk to customers during the four-year rate freeze period. The mechanism for these adjustments is defined in Exhibit 8 and set forth in the APA and Enabling Legislation.

Wholesale customers account for 62% of Santee Cooper's revenues<sup>37</sup>. The rates included in this proposal are based on load forecasts that include Santee Cooper's wholesale customers, including those shown below that are not customers of Central that account for approximately 3.5% of electricity sales<sup>36</sup>.

Customer	Average Annual Electricity Sales, 2021-2024 Gigawatt-hours ("GWh")
City of Georgetown & City of Bamberg	173 GWh
Town of Waynesville	105 GWh
City of Seneca	198 GWh
Piedmont Municipal Power Agency ("PMPA")	222 GWh
Alabama Municipal Electric Authority ("AMEA")	178 GWh

To the extent that the wholesale customers listed above do not become customers of SCP&L on like terms, customer rates during the rate freeze period will be adjusted to reflect the associated loss of load, as described in the Enabling Legislation and Central Power Purchase Agreement ("PPA").

## **E. Financing**

### **Statement of Expected Financing Plan**

Please refer to Section C for the description of financing sources.

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<sup>37</sup> As of 12/31/2019, per Santee Cooper CIP

**F. Approvals**

Approval / Event	Estimated Date
NextEra Board of Directors	Received December 2019
Transaction Signing <ul style="list-style-type: none"><li>• Enabling Legislation Enacted</li><li>• APA Finalized and Signed</li></ul>	June 30, 2020
SCPSC Approvals / Orders	December 2020
FCC Approval	December 2020
FERC Section 203 Approval	December 2020
FERC OATT and Central PPA Approval / Acceptance	December 2020
NRC Approval	December 2020
Transaction Close	January 1, 2021

This proposal and the execution of binding agreements have been approved by NextEra's Board of Directors.

The primary regulatory risks and uncertainties perceived by NextEra are the timing of legislative approval, full and complete access to Santee Cooper's books and records as necessary and appropriate to establish initial rates, and SCPSC approval.

We expect the legislature to deliberate on the future of Santee Cooper through the upcoming legislative session, and at or before the end of the session vote in favor of a sale of the assets of Santee Cooper to NextEra, together with all the necessary enabling legislation. From "Day 1" (the date on which the Department and NextEra execute the APA), the transaction would then proceed to various federal agencies and the SCPSC for approval. Subject to NextEra's ability to obtain the necessary access to Santee Cooper's books and records, we expect the SCPSC, following instruction included in the Enabling Legislation, would approve the transaction within 180 days of filing. As discussed in more detail later, a number of FERC approvals are required to authorize the transaction and establish a new public utility. We expect FERC approval or acceptance of the Section 203 transaction authorization, the PPA, other wholesale power agreements, the Open Access Transmission Tariff ("OATT"), various transmission agreements and the cost-based and market-based wholesale power rate tariffs by the end of 2020. It is possible that we could close this transaction in the first half of 2021.

**G. Due Diligence**

NextEra confirms that, as set forth in the Agreement to Transact, its proposal remains subject to completion of satisfactory due diligence relating only to completion of disclosure schedules in conformity with the representations, warranties, covenants and other agreements set forth in the APA (and associated due diligence to NextEra's satisfaction with respect to new or changed items on such completed schedules) and completion of continuing due diligence around pending written diligence requests that have not been completed to NextEra's satisfaction.

**H. Estimated Time to Closing**

Please refer to Section F for a discussion on the expected timeline to closing.

Please refer to Exhibit 3 for a full discussion of the key elements necessary to implement the proposed purchase of Santee Cooper's assets.

**I. Process Confirmation**

NextEra is prepared to enter into the attached Agreement to Transact with the Department, which, among other things, includes an obligation to make an earnest money deposit of \$25 million if the Department's advisors recommend our Sale Proposal to the General Assembly and for the forfeiture of the deposit if our

Sale Proposal is selected by the General Assembly and we fail to enter into the definitive APA, upon the terms and subject to the conditions set forth in the Agreement to Transact.

## J. Other Information

### Implementation of a Strategic Plan for Santee Cooper

NextEra's long-term plan for SCP&L involves several key strategic pillars. Over the first five years, NextEra, through SCP&L, intends to invest in several areas, including generation, transmission, distribution and customer service. NextEra also intends to leverage our experience and best practices in the utility space to improve the reliability and efficiency of the system and cost of operations.

#### Generation Portfolio Diversification

A key part of NextEra's proposal is the modernization of Santee Cooper's generation fleet. We expect to invest approximately \$2.3 billion from 2021-2024 to construct approximately 800 MW of solar generation, 50 MW of battery storage and 1,265 MW of efficient natural gas-fired generation, leading to the retirement of approximately 1,150 MW of existing coal-fired generation. We also plan to add approximately 300 MW of capacity to the existing Rainey generation station through technology upgrades. This modernization will result in lower operating costs and drive a reduction in emissions. Our plan will transform Santee Cooper's generation fleet from predominantly older, expensive, coal-fired generation to a more modern, reliable, diverse and clean mix of natural gas and renewables.

Our proposal assumes the new utility would acquire approximately 5,110 MW of generating assets, as seen in the table below. These assets are comprised of coal-fired generation, natural gas-fired generation, nuclear generation, hydroelectric generation and other. We also expect to take over the existing contracted capacity, excluding Santee Cooper's Southeastern Power Administration ("SEPA") allocation. Under an IOU structure, SCP&L would no longer be a preference customer and, therefore, would have to return its approximately 150 MW SEPA allocation to the pool.

#### Santee Cooper Generating Capacity and Energy, 2018

Asset	Capacity	% of Owned Generation (MW)	% of Owned Generation (MWh)
Coal	3,500	68%	58%
Natural Gas & Oil	1,117	22%	26%
Nuclear	322	6%	13%
Renewables	173	3%	3%
<b>Total Owned Generation</b>	<b>5,112</b>		

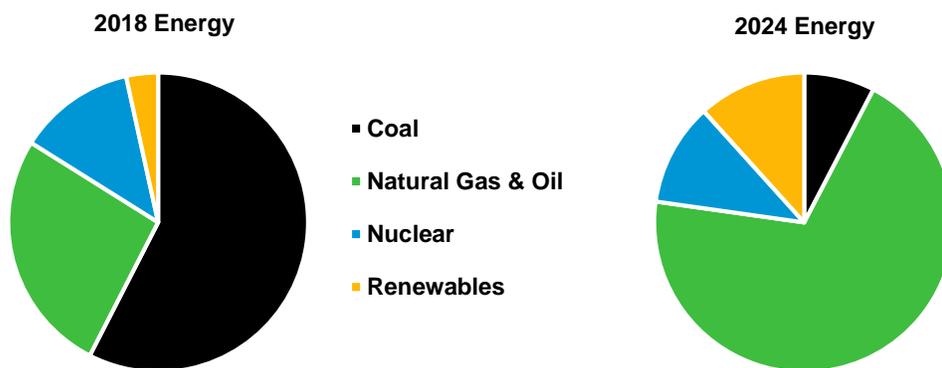
Our modernization plan would displace and retire approximately 1,150 MW of coal-fired generation from 2021 to 2023 and replace it with solar, storage and natural gas, as seen in the table below. The new generation would maintain the current reserve margins while driving reduced emissions and lower cost.

### SCP&L Generating Capacity and Energy, 2024

Asset	Capacity	% of Owned Generation (MW)	% of Owned Generation (MWh)
Coal	2,380	37%	7%
Natural Gas & Oil	2,725	42%	70%
Nuclear	322	5%	11%
Renewables	1,023	16%	12%
<b>Total Owned Generation</b>	<b>6,450</b>		

This generation plan will take customers from approximately 58 percent coal-fired energy to less than 10 percent by increasing natural gas-fired and renewable generation. We expect generation expense to be significantly less than Santee Cooper's current budget forecast. At the end of the four-year rate freeze, there will be approximately 2,400 MW of coal-fired generating units remaining on the system, primarily for capacity and reserve margin. After the rate freeze, we expect to continue this trend with further investments in clean generation.

### Santee Cooper Owned Generation by Resource Type (Percent of MWh)



Generation Expense (\$/MWh)	2020E Total (Fuel)	2024E Total (Fuel)
Santee Cooper	\$38.54 (\$26.32)	\$40.74 (\$27.28)
SCP&L		\$28.08 (\$19.71)
<b>Reduction</b>		<b>\$12.65 (\$7.57)</b>

Power Generation Employee Headcount	2020E	2024E
Santee Cooper	551	551
SCP&L	-	273
<b>Reduction</b>	-	<b>278</b>

Estimated CO <sub>2</sub> Emissions (lbs/MWh)	2020E	2024E
Santee Cooper	1,350	1,160
SCP&L		670
<b>Reduction</b>	-	<b>490</b>
<b>Reduction in tons</b>	-	<b>5.6 million</b>

The fleet modernization is projected to result in significant O&M and fuel savings by 2024, since solar and natural gas-fired generation require fewer employees to operate, less ongoing operations and maintenance expense and less expensive fuel. Our plan is also expected to result in approximately 5.6 million tons of emissions reductions annually, equivalent to 1.2 million cars on the road or 490 lbs/MWh.

This modernization plan is expected to create approximately 1,250 construction jobs in key South Carolina counties. Each solar build will last approximately nine months, and the natural gas-fired generation construction will last approximately 27 months. Furthermore, this investment results in increased property taxes paid to local communities and full time employment at the new generating facilities.

We believe that our modernization plan is mutually beneficial for Santee Cooper customers, local communities and NextEra, particularly due to the financial and environmental risk inherent to coal production. Through the transition away from coal, we believe our generation modernization plan will reduce financial and environmental risk, specifically tied to coal-fired generation.

Under our long-term plan, customers will have better reliability, better customer service and lower rates. The projected customer rates included in Section D show that even with significant investments in new, clean generation and other critical infrastructure, SCP&L customer rates will remain lower over the long-term compared with Santee Cooper’s current forecast.

### Generation Portfolio Plan – Supporting Assumptions

#### *Forecast*

Our generation modernization plan was formulated through a thorough evaluation of Santee Cooper’s system to determine the best resource mix that will provide clean, efficient generation to meet forecasted demand while balancing cost, reliability and fuel diversity. Our resource capacity plan ensures that SCP&L will meet its target summer and winter reserve margins based on the projected demand in the “Electric – Sensitivities” forecast provided for this process.

#### *Planned Coal Operations and Retirements*

The timeline for implementing our generation plan is based on ensuring the system has sufficient capacity to meet the required reserve margin in all seasons. We plan to phase-out coal units beginning in 2021 with the retirement of Winyah Units 1 and 2 (570 MW). Both Winyah Unit 3 (290 MW) and Winyah Unit 4 (290 MW) will be retired by the end of 2023. At least one of the existing generators will be converted to a synchronous condenser which will provide coastal voltage support.

Coal Unit	Summer Capacity (MW)	Planned Retirement
<b>Winyah Unit 1</b>	280	2021
<b>Winyah Unit 2</b>	290	2021
<b>Winyah Unit 3</b>	290	2023
<b>Winyah Unit 4</b>	290	2023
<b>Total Planned Retirements (2021-2024)</b>	<b>1,150</b>	

The remaining coal capacity at Cross will be used primarily for capacity, and we will evaluate opportunities to further reduce O&M costs by keeping units in inactive reserve during off-peak seasons and minimize coal generation to keep fuel costs low.

#### *New Generation – Natural Gas Combined Cycle*

Our generation plan includes the construction of a new approximately 1,265 MW natural gas combined cycle plant to replace old coal-fired generation. The combined cycle plant, which will be located in Fairfield County, is expected to come online at the end of 2023. The total capital investment will be approximately \$1.3 billion, which includes equipment, construction, land, pipeline and transmission system integration costs. Our engineering and construction design is based on the latest generation of proven turbine technology, but we will continue to evaluate opportunities to select the best technology that provides the most reliable, efficient and cost effective performance while allowing us to access potential upgrade paths in the future.

We have already made significant progress in the initial phases of project development, including developing plans for plant siting, transmission interconnection, pipeline interconnection, fuel supply and property tax agreements. The land for the site is secured via purchase option and has passed a critical issues analysis screen, and we also have open transmission interconnection queue positions. The gas for the new plant will be sourced from the Transco pipeline via a newly constructed pipeline lateral.

Regarding property tax payments, NextEra has already secured a commitment from Fairfield County to provide a fee-in-Lieu-of-Tax (“FILOT”) agreement for the combined cycle plant, which provides certainty to both SCP&L’s customers and to the county regarding the tax payments to be made for the life of the asset.

#### *New Generation – Solar and Battery Storage*

In addition to the new gas-fired generation, our fleet modernization plan includes approximately 800 MW of solar generation, which will be built at multiple sites. The solar projects are expected to come online in three tranches at the beginning of 2022, 2023 and 2024. Two of the solar sites will also include 25 MW co-located battery storage systems, for a total of 50 MW of storage capacity.

We have identified more than ten potential sites for the new solar generation, including two sites located on existing Santee Cooper land, which gives us the flexibility to execute on our generation plan within an accelerated timeline. We have made significant progress in the initial phases of project development, including signed land option agreements, where necessary, interconnection requests and advanced queue positions, property tax agreements, county permitting introductions and preliminary design work.

Regarding property tax payments, NextEra has already secured signed Inducement Resolutions for FILOT agreements from Florence, Kershaw, Orangeburg and Marion counties as well as a signed FILOT agreement from Marion county.

#### *Rainey Upgrades*

To continue to optimize Santee Cooper’s existing assets, we plan to complete upgrades at the Rainey plant, which will add capacity to the combined cycle and combustion turbines, resulting in approximately 290 MW of additional summer capacity. We expect to implement the upgrades at Rainey immediately following the acquisition, with new capacity available by mid-2021. As discussed in regards to our plan for the new combined cycle plant, we will continue to evaluate the technology options available for the planned upgrades based on new technology and further diligence of the existing assets.

New Generation	Nameplate (MW)	Expected Commercial Operation Date ("COD")
<b>Natural Gas Combined Cycle</b>	1,265	2023
<b>Solar Tranche 1</b>	150	2022
<b>Solar Tranche 2</b>	250	2023
<b>Solar Tranche 3</b>	400	2024
<b>Storage Tranche 1</b>	25	2022
<b>Storage Tranche 2</b>	25	2023
<b>Rainey Upgrades</b>	290 <sup>38</sup>	2021

### Gas Price Assumptions

We're planning to provide long-term certainty of fuel costs beyond the rate freeze period by hedging the expected natural gas fuel usage at each of SCPL's gas-fired plants; the delivery and hedging plan for each plant is outlined in the table below.

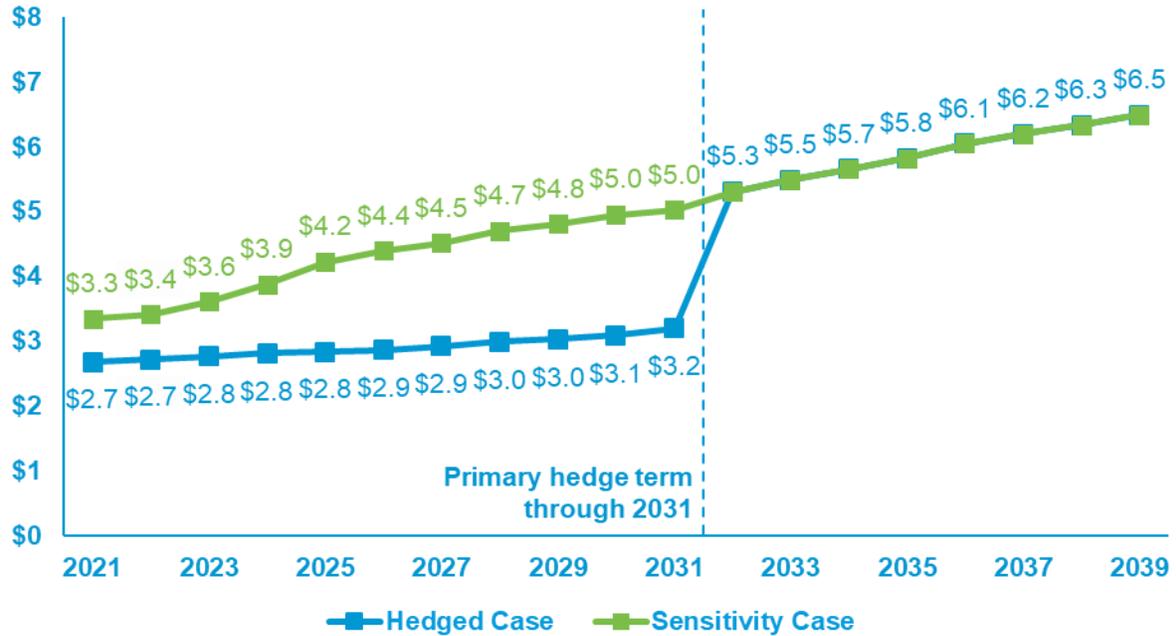
Plant	Delivery Plan	Hedging Plan
<b>Rainey Combined Cycle</b>	<ul style="list-style-type: none"> <li>Extend current firm transport on TransCo from Station 85 (Zone 4) to the plant</li> </ul>	<ul style="list-style-type: none"> <li>Monthly volumes through 2031 will be hedged at close of the transaction</li> </ul>
<b>Rainey Combustion Turbines</b>	<ul style="list-style-type: none"> <li>CT volumes are highly variable, therefore gas will be acquired on spot basis in Zone 5</li> </ul>	<ul style="list-style-type: none"> <li>Average monthly volumes through 2031 will be hedged at close</li> </ul>
<b>New Combined Cycle (COD late 2023)</b>	<ul style="list-style-type: none"> <li>SCP&amp;L will enter into a contract with a high credit quality counterparty for firm delivery of gas at the plant lateral in Zone 5, to begin in late-2023 and run through 2031</li> </ul>	<ul style="list-style-type: none"> <li>Average monthly volumes through 2031 will be hedged at close</li> </ul>

As seen in the charts below, the hedging program provides significant fuel cost savings relative to the fuel prices shown in the Sensitivity Case.

<sup>38</sup> Planned upgrades at Rainey will result in incremental summer capacity of approximately 290 MW and incremental winter capacity of approximately 145 MW

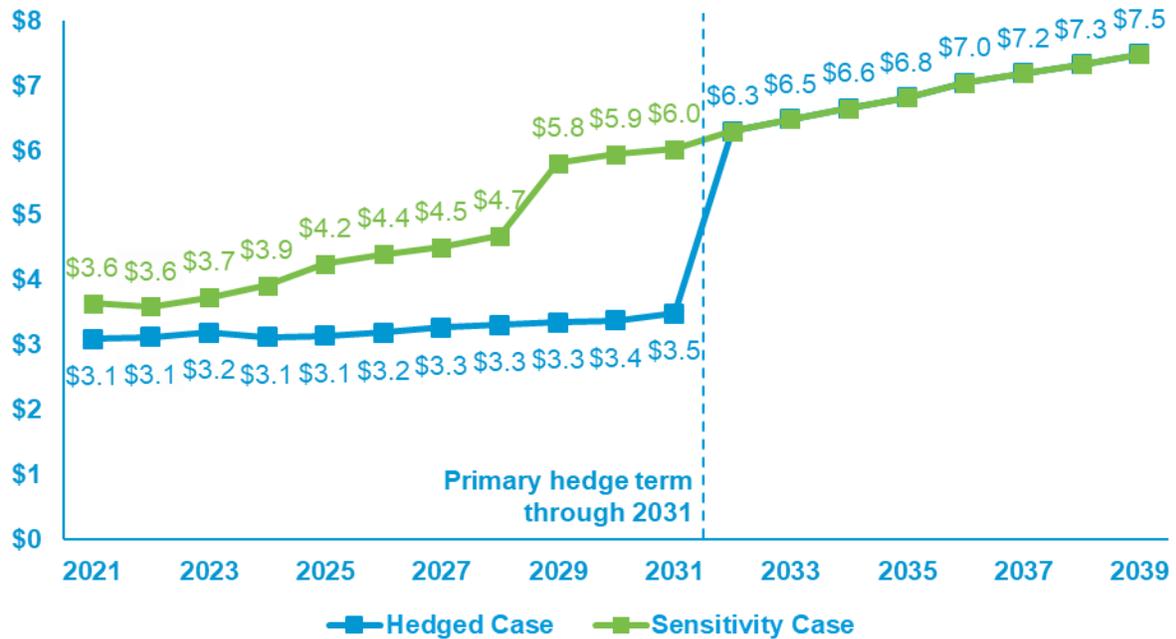
**Rainey Combined Cycle, Delivered Gas Cost<sup>39,40</sup>**

\$ per MMbtu



**Rainey Combustion Turbines, Delivered Gas Cost<sup>41</sup>**

\$ per MMbtu

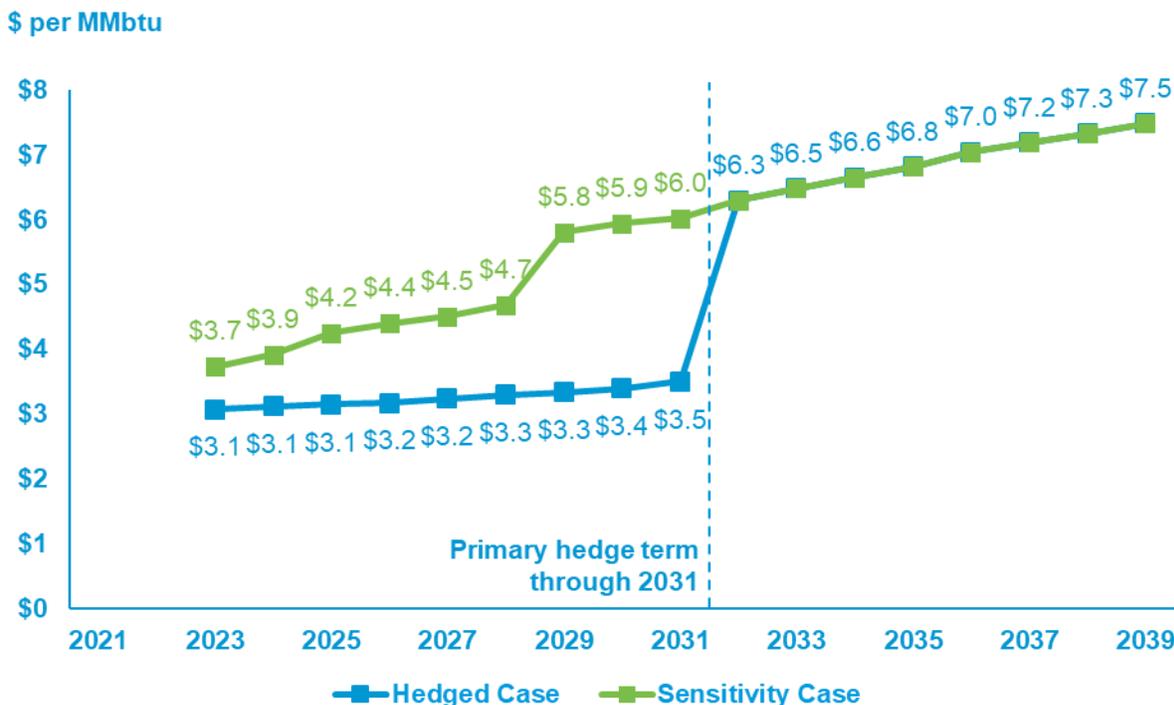


<sup>39</sup> Hedged case reflects market commodity pricing and hedging cost as of January 27, 2020

<sup>40</sup> Curve shown is for first 80,000 Dth per day of gas delivered to Rainey (~90% of needs); remainder of gas requirements delivered at same prices as Rainey Combustion Turbines

<sup>41</sup> Hedged case reflects market commodity pricing and hedging cost as of January 27, 2020

**New SCP&L Combined Cycle, Delivered Gas Cost<sup>42</sup>**



*Other Assumptions*

Additional inputs underlying our plan are detailed in the Legislative Requirements Appendix Sections 2(A)(4-6), including forecasted demand, debt-to-equity ratio, authorized return on equity, inflation and cost escalation rates, fuel costs, tax rates and generation and transmission investment.

**NextEra’s Fleet Modernization Experience**

NextEra has a strong history of fleet modernization, and we are committed to providing our customers with energy that is affordable, reliable and clean. We have retired older, oil-fired power plants and replaced them with modern energy centers powered by clean, U.S.-produced natural gas. We have also purchased and retired coal-fired power plants with which we held power purchase agreements, providing further benefits to our customers and communities. Since 2001, these investments in cleaner, more efficient power plants have saved customers more than \$10 billion and avoided the emission of 120 million tons of CO<sub>2</sub>.

Fifteen years ago, FPL’s fleet was primarily comprised of oil-fired generation and natural gas-fired generation with high heat rates. In 2004, FPL’s generating fleet was 38 percent oil by capacity and the average fossil heat rate was approximately 8,700 btu/kWh. The ratio of MW to employees was 16:1 on fossil units in 2004, which led to higher fixed O&M expense per MW.

<sup>42</sup> Hedged case reflects market commodity pricing and hedging cost as of January 27, 2020

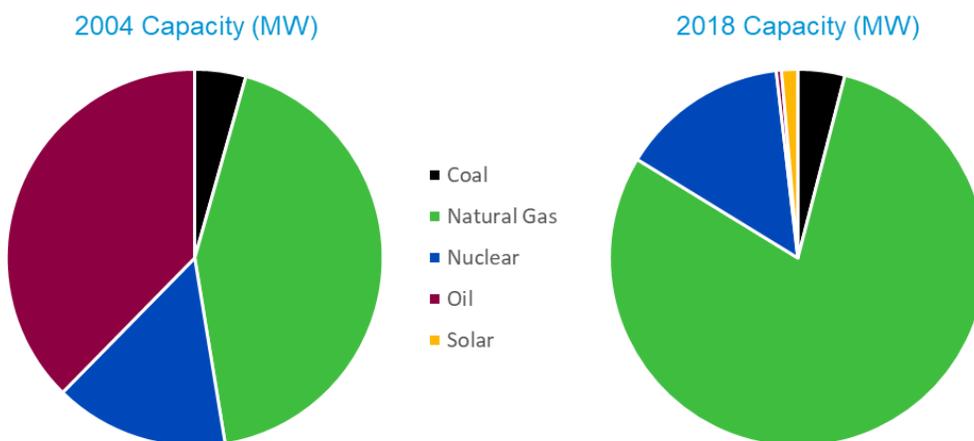
### FPL Capacity by MW, 2004

Primary Fuel	Capacity (2004 MW)	% of Owned Generation
Coal	884	4%
Natural Gas	8,673	43%
Nuclear	3,013	15%
Oil	7,588	38%
<b>Owned Generation</b>	<b>20,158</b>	<b>100%</b>

Today, FPL has less than one percent oil in its generating fleet, and the average fossil heat rate is 7,107 btu/kWh. The most recently constructed unit, Okeechobee, has a heat rate of 6,591 btu/kWh. Today, the ratio of MW to employees is 25:1, a 50 percent increase in productivity and efficiency. These improvements have resulted in fixed O&M savings and fuel savings for our customers, in part due to reduced coal and oil usage, and increased natural-gas and solar usage. The improvements have also resulted in FPL achieving top-decile Fossil Equivalent Forced Outage Rate (“EFOR”) and Fossil OSHA metrics and significant reductions in emissions. We have seen a 31 percent drop in specific CO<sub>2</sub> emissions, a 99 percent drop in SO<sub>x</sub> emissions and a 90 percent drop in NO<sub>x</sub> emissions since 2005.

### FPL Capacity by MW, 2018<sup>43</sup>

Primary Fuel	Capacity (2018 MW)	% of Owned Generation
Coal	964	4%
Natural Gas	19,105	80%
Nuclear	3,453	14%
Oil	108	<1%
Solar	334	1%
<b>Owned Generation</b>	<b>23,964</b>	<b>100%</b>



<sup>43</sup> 2018 NextEra Sustainability Report, By the numbers

### FPL Fleet Emissions per MWh<sup>44</sup>

Emissions Reductions (Lbs/MWh)	2004	2018	% Reduction	2018 Industry Average
CO <sub>2</sub>	969	671	31%	968
SO <sub>x</sub>	3.58	0.02	99%	0.49
NO <sub>x</sub>	1.49	0.15	90%	0.54

FPL has also begun to develop and operate solar sites across the state. By the end of 2028, we expect to deploy over 8,000 MW as a part of FPL's 30-by-30 plan, in part supported by a solar rate adjustment. Solar energy has no fuel expense, and displacing fossil generation results in fuel savings for our customers.

NextEra has a proven track record to deliver safety, reliability, efficiency and cleaner emissions through a modernized generation fleet. We have executed on this mission at FPL, and we would execute on a modernized generation plan at SCP&L, delivering lower cost, better fuel efficiency, lower emissions and less risk.

### Power Delivery

We believe SCP&L's ability to maintain reliable power to its customers is the foundation of a successful long-term strategy and is key to maintaining high customer satisfaction. Therefore, continued investment in and maintenance of SCP&L's facilities and transmission and distribution lines are a priority for NextEra. We expect to continue projected transmission and distribution capital maintenance projects that are currently included in Santee Cooper's standalone forecast and to invest in storm-hardening and reliability projects for a total power delivery investment of approximately \$350 million during the rate freeze and more than \$100 million annually thereafter.

We expect key capital projects to include:

- Storm Secure: Storm hardening, which includes installing stronger poles and shortening span lengths
- Converting overhead facilities to underground
- Smart grid technology investment, including automated feeder switches, automated lateral switches, fault current indicators and digital relay communications
- System expansion driven by growth in the state
- Increased pole inspection
- Real-time flood monitoring for substations
- Increased vegetation management

Additionally, we intend to leverage our experience as a top-decile, award-winning power delivery team to deliver reliable, lower-cost, more storm-resilient power.

### Customer Service

We expect to continue projected capital maintenance projects that are currently included in Santee Cooper's standalone forecast and to invest in new systems that will streamline the customer experience.

Key capital projects might include:

- Enhanced customer information system and web applications functionality to encourage customers to enroll in email billing
- Automation of web forms and enhancement and development of new applications for web channel self-service

<sup>44</sup> 2018 NextEra Sustainability Report, By the numbers; GRI reported figures

- Development of interactive voice response system application
- Smart meter deployment

Additionally, we expect to provide excellent customer service to Santee Cooper customers by leveraging our nationally recognized operational expertise, which resulted in J.D. Power ranking us among the top utilities in the Southeast in 2018 for both residential and business customer satisfaction.

Under our long-term plan, customers will have better reliability, better customer service and lower rates. Even with significant investments in new, clean generation and other critical infrastructure, SCP&L customer rates will remain lower over the long-term versus Santee Cooper's current plan, as described in Section D.

With a sound financial position, a highly experienced and motivated management team focused on making attractive additional investments to drive operational improvements and the ongoing support of the broader NextEra family, we believe SCP&L would be well-positioned to provide affordable, clean, safe and reliable power to its customers now and for generations to come.

Your consideration of this Sale Proposal is greatly appreciated. NextEra is enthusiastic about the opportunity and we are prepared to continue to dedicate the resources necessary to enter into a transaction as expeditiously as possible. Please do not hesitate to reach out to us with any questions. We look forward to continuing to work with you.

For any questions or clarifications regarding our proposal, please contact the following individuals:

Mark Hickson  
Executive Vice President Corporate Development Strategy Quality & Integration  
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(561) 304-5149

Petter Skantze  
Vice President Corporate Development & Strategy  
Petter.Skantze@nee.com  
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Ross Comeaux  
Senior Director Corporate Development  
Ross.Comeaux@nee.com  
(561) 691-7376

Sincerely,



Jim Robo  
Chairman and Chief Executive Officer  
NextEra Energy, Inc.

## Additional Documents<sup>45</sup>

### Exhibit 1: Summary Terms

#### NextEra Energy, Inc.

#### Sale Transaction Summary Terms

Notwithstanding anything in this letter or otherwise to the contrary, NextEra Energy, Inc.'s ("NextEra Energy") Sale Proposal is embodied in its entirety by the form of APA (and its exhibits and schedules, including the form of enabling legislation and new long-term PPA with Central) attached to the Agreement to Transact as Exhibit A thereto.

Recognizing that efficient, low cost electricity is vital to economic development in the State of South Carolina and investment in new generation and transmission in the State provides substantial direct and indirect benefits to the State and its citizens by allowing for the expansion of businesses in the State and the creation of jobs, NextEra Energy, through a controlled subsidiary, is prepared to purchase the utility assets of the South Carolina Public Service Authority ("Santee Cooper") in a transaction including the following terms, subject to and qualified by the terms and conditions contained in the attached form of Agreement to Transact and its attachments, including the form of APA (and its exhibits and schedules, which comprise NextEra's Sale Proposal in its entirety) attached thereto:

**A. Financial terms sufficient to defease all outstanding Santee Cooper debt and not leave any debt with the State of South Carolina**

1. NextEra Energy to purchase Santee Cooper's utility assets for a total consideration of approximately \$9.461 billion, consisting of payments to defease or repay Santee Cooper's existing debt pursuant to Section A(2) below, customer refunds pursuant to Section A(4) below, a securitization contribution described in Section A(3) below, payments to Santee Cooper described in Section (A)(5), and an expense reimbursement to Santee Cooper described in Section (A)(6).
2. NextEra Energy will defease or repay all of Santee Cooper's existing debt (in the principal amount of \$6.859 billion) that remains outstanding at closing. NextEra will pay all accrued interest and defeasance costs associated with defeasing or repaying such debt (and will bear the risk of changes in such costs due to interest rate fluctuations).
3. The securitization contribution will be approximately \$1.325 billion. The securitization will be structured utilizing customary utility securitization terms to recover costs through a securitization surcharge over a 25-year period.
4. In addition to defeasing or repaying all of Santee Cooper's existing debt, NextEra Energy will provide \$941 million to be used to provide customer refunds following transaction close as described in Section B(2) below.
5. The total consideration will also include payments to Santee Cooper, funded by NextEra Energy, totaling at least \$500 million and up to \$600 million, subject to adjustment as set forth in the APA, none of which will be recovered in rates.
6. The total consideration will also include an expense reimbursement to Santee Cooper of \$15 million.
7. The transaction will not be subject to any financing condition other than legislative approval of the securitization and issuance of the related Financing Orders (described in Section

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<sup>45</sup> Each of the exhibits to this letter provides a summary of certain key terms of the proposed transaction and is intended for informational purposes only. These summaries do not contain all of the terms and other information regarding the transaction. The summaries of the various components of the Sale Proposal are embodied in its entirety by the form of APA (and its exhibits and schedules, including the form of enabling legislation and new long-term PPA with Central) attached to the Agreement to Transact as Exhibit A thereto, and are qualified in their entirety thereby.

G(11) below) by the South Carolina Public Service Commission (“SCPSC”) to implement the securitization.

**B. Wholesale<sup>47</sup> and retail rates and charges will be frozen for a 48-month period**

1. Under the proposed name Santee Cooper Power & Light, NextEra Energy, through a controlled utility subsidiary (“SCP&L”) will continue the exclusive provision of electric service to all of Santee Cooper’s retail customers within Santee Cooper’s service area.<sup>48</sup>
2. Current and former wholesale and retail customers will be provided an aggregate refund totaling \$541 million. The customer refund will be proportionately allocated among all of Santee Cooper’s residential, commercial, industrial and wholesale customers based on annual sales volumes, to the extent that, based on Santee Cooper’s available customer records, such class of customers paid utility bills based on rates that included costs associated with pre-construction and other pre-operational costs associated with the V.C. Summer Nuclear Reactor Units 2 and 3 Project. Current wholesale and retail customers will also be provided an aggregate refund totaling \$400 million, which will be allocated among all existing wholesale and retail customers based on annual sales volumes at the time of the refund. The customer refunds will be issued within 180 days following the date of the closing of the transaction under the APA (the “Closing Date”) through either bill credit(s) applied to the accounts of existing customers or by check(s) mailed to existing and/or former customers.
3. Rates for retail customers will be frozen for a 48-month period effective for billing periods beginning 90 days after the Closing Date (“Rate Freeze Period”).
4. SCP&L’s initial schedule of rates and charges will be Santee Cooper’s existing rates and charges being imposed by Santee Cooper on October 1, 2019, subject to the following adjustments
  - a. During the Rate Freeze Period, the rates for SCP&L’s Fuel Adjustment Clause will be initially set consistent with Exhibit 6.
  - b. Consistent with Exhibit 7, SCP&L’s Fuel Adjustment Clause will be adjusted, positive or negative, to: (a) reflect changes in interest rates between January 27, 2020 and the date the APA is executed; (b) reflect the difference in the monthly forward curve for natural gas between January 27, 2020 and the Closing Date; (c) reflect changes in the coal price and costs for physical delivery, including transportation, of coal between January 27, 2020 and the Closing Date; and (d) and an increase of \$0.175/MWh for every 1% loss in total system load attributable to non-Central wholesale customers that leave Santee Cooper’s system on or before the Closing Date and do not become customers of SCP&L.
  - c. The Fuel Adjustment Clause, as adjusted, will be proportionate among the various classes of users and services to the rates and charges therefor being imposed by Santee Cooper on October 1, 2019.
  - d. The Fuel Adjustment Clause, as adjusted, will remain at the adjusted level through the expiration of the Rate Freeze Period.
5. SCP&L may establish one or more regulatory assets during the Rate Freeze Period for the purpose of deferring for future recovery cost increases that are outside of its control and related to: (a) gypsum contracts; (b) significant events leading to state emergency declarations, including storms, sabotage, or other attacks; (c) significant cybersecurity or cyber events; (d) retirement or dismantling of the Cross and Winyah generating units; or

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<sup>47</sup> As used in these Proposed Transaction Terms, capitalized references to “Wholesale” customers mean Central Electric Power Cooperative, the City of Georgetown and the Bamberg Board of Public Works.

<sup>48</sup> Should South Carolina prefer our use of another name not using “Santee Cooper,” NextEra would be open to discuss

- (e) changes in laws or regulations, including standards or management of coal combustion residue.
6. During the Rate Freeze Period, SCP&L may implement a rider for costs related to storms losses, changes in tax rates, and changes in law.
  7. Wholesale requirements service will be provided to wholesale customers under unbundled, cost-based, long-term FERC-jurisdictional power purchase agreement(s) that would: (a) provide for a rate freeze during the Rate Freeze Period; (b) establish a FERC-approved formula rate following the rate freeze; and (c) solely with respect to Central Electric Power Cooperative, Inc. ("Central"), modify current provisions for joint planning to reflect the adoption of comprehensive new generation plan.
  8. The fuel charge for wholesale customers during the Rate Freeze Period will be set consistent with Exhibit 6. The fuel charge will be further adjusted, positive or negative, to reflect the difference in the monthly forward curve for natural gas between January 27, 2020 and the Closing Date, to reflect changes in the coal price and costs for physical delivery, including transportation, of coal between January 27, 2020 and the Closing Date, and to reflect changes in interest rates between January 27, 2020 and the date the APA is executed. These adjustments will be made in accordance with Exhibit 7. The fuel charge will also be adjusted in the event certain existing wholesale customers of Seller elect not to take service from SCP&L commencing on the Closing Date. SCP&L will also have the option to apply to FERC to adjust wholesale customer rates during the rate freeze to allow for the recovery of certain unforeseen costs, including storm losses, changes in tax rates, change in law. Lastly, SCP&L will have the ability to defer other unforeseen costs and request FERC authorization to recover such costs after the rate freeze, including costs incurred related to (a) gypsum contracts above the forecasted amount, (b) significant events leading to state emergency declarations due to storms, sabotage, or other attacks, (c) significant cyber security or cyber events, (d) retirement or dismantling of Cross or Winyah generating units, and (e) change in Law.
  9. At the time definitive transaction documents are executed, the form and content of all material long-term wholesale contractual arrangements will have been agreed upon by all applicable counterparties, in a manner expected to allow for FERC approval by closing.

**C. New Generation, State and Local Taxes**

1. NextEra Energy plans to make approximately \$2.3 billion of new investment in clean energy in South Carolina.
2. NextEra Energy plans to retire and displace approximately 1,150 MW of existing coal-fired generation by the end of the Rate Freeze Period and replace it with approximately 1,265 MW of natural gas combined cycle generation, 800 MW of solar, 50 MW of battery storage, and adding approximately 300 MW of capacity to the existing Rainey generation station through technology upgrades as provided in Section J of the cover letter ("Generation Resource Plan").
  - a. SCP&L will solicit bids from qualified equipment suppliers and contractors that SCP&L concludes can provide the overall best value for the materials and services necessary for the safe and reliable construction of the Generation Resource Plan and associated facilities and associated transmission lines consistent with scheduling and technical requirements associated with each project. In the event that SCP&L or its affiliates will be such a bidder, the bidding process will be overseen by the SCPSC.
  - b. The installed costs for the Generation Resource Plan and associated facilities that SCP&L shall be permitted to recover in the rates and charges to be set following the expiration of the Rate Freeze Period shall be subject to specific limitations,

including caps on installed costs and requirement that the generation be completed and placed in service.

3. For purposes of ad valorem property taxes:
  - a. For any tax year beginning during the thirty (30) years following the Closing Date (“Exemption Period”), SCP&L will pay annually a fee in lieu of ad valorem property taxes on the acquired assets in an amount equivalent to the aggregate payments made by Santee Cooper in lieu of ad valorem property taxes on the acquired assets pursuant to S.C. Code of Laws §§ 58-31-80, 58-31-90, and 58-31-100 with respect to fiscal year 2019, subject to the following:
    - i. Such fee will be apportioned among and paid to the various counties, school districts, municipalities and other political subdivisions of the State in the same manner and proportion as the 2019 fee was paid by Santee Cooper.
    - ii. Subject to payment of the fee provided above, SCP&L will be exempt from all ad valorem property taxes on the acquired assets during the Exemption Period.
    - iii. During the Exemption Period, the amount of such fee will not be revised upon a disposition or retirement of any of the acquired assets or upon the repair of or maintenance to, replacements of components within or additions of components to any facility that is part of the acquired assets.
  - b. At the end of the Exemption Period, SCP&L will pay ad valorem taxes with respect to the acquired assets to the jurisdictions in which the acquired assets are taxable; and the necessity of such payments will be taken into account by the SCPSC in approving SCP&L’s schedule of rates and charges to be imposed thereafter.
  - c. With the exception of repairs, maintenance and replacement of the acquired assets during the Exemption Period, SCP&L will pay property taxes or fees in lieu of taxes on any new assets placed in service post-closing.
4. For purposes of taxes other than property taxes:
  - a. During the Rate Freeze Period, SCP&L will pay annually a fee to the State of South Carolina in an amount equivalent to the aggregate payments made by Santee Cooper to the State in 2019 pursuant to S.C. Code of Laws § 58-31-110.
    - i. Subject to payment of the fee provided above, during the Rate Freeze Period, neither the State, a local government, nor any other political subdivision thereof may impose on SCP&L any form of State or local political subdivision taxes or charges other than the ad valorem property taxes or fees in lieu thereof, whether income taxes, new or increased franchise taxes, sales taxes, transfer taxes, excise taxes, impact fees, license fees, energy power tax, deed recording fees or otherwise.
    - ii. While SCP&L is exempt from state corporate income taxes or charges during the Rate Freeze Period, state net operating losses will accrue and be available to SCP&L as if SCP&L was not exempt from state corporate income tax and had filed state corporate income tax returns during the Rate Freeze Period.
  - b. At the end of the Rate Freeze Period, SCP&L will be subject to all applicable taxes (other than ad valorem property taxes, which are subject to tax as discussed above), fees and charges in the year new rates take effect after the expiration of the Rate Freeze Period, and will be permitted to recover such taxes, fees, or charges through new rates.
  - c. The transfer of the acquired assets pursuant to the APA will be exempt from state, county, city and political subdivision sales, use, transfer, excise, deed recording or similar taxes, charges or fees.

**D. Economic development package and the continuation of Santee Cooper's support for South Carolina and its communities**

1. NextEra Energy will maintain Santee Cooper's charitable contributions.
2. NextEra Energy will continue to support South Carolina's effort to attract and retain businesses, including the establishment of an economic development team in South Carolina to work closely with the South Carolina government and assist with the development of economic incentives.
3. NextEra Energy will ensure that Santee Cooper continues to provide an economic development tariff.

**E. Pension/Retirement Plans**

1. All pre-closing period employment agreements and employee benefit obligations and liabilities, including all pension, Supplemental Executive Retirement Plan ("SERP") and Other Post-Employment Benefits ("OPEB") liabilities incurred prior to closing, will be retained by the State.
2. Santee Cooper employees hired by NextEra Energy will receive NextEra Energy's comparable employee benefits post-closing.

**F. Included/Excluded Assets and Liabilities**

1. Subject to the terms and conditions of the APA, NextEra Energy, through SCP&L, will purchase Santee Cooper's utility assets, including real and personal property (subject to Section F(3) below), net working capital as described in Attachment A and Summer Unit 1 decommissioning funds as described in Attachment B.
2. The transaction will include Santee Cooper's FERC-licensed multi-use project known as "Project 199" (including hydroelectric generation facilities and associated transmission lines, dams, canals and wildlife, forest management, residential, recreation and commercial areas).
3. The transaction will exclude restricted and unrestricted cash and investments (with the exception of net working capital and the decommissioning funds described in Section F(1) above).
4. The liabilities of Santee Cooper with respect to its business and the acquired assets generally will be excluded from the sale and retained by Santee Cooper unless expressly assumed in accordance with the terms and conditions of the APA.

**G. Legislative Requirements** To implement the transaction, the legislation, as provided in Exhibit 3 ("Enabling Legislation"), will need to be enacted. Key elements of the Enabling Legislation will include the following:

1. Approves the purchase and sale on terms as outlined in the APA, including certain terms identified in or pursuant to Sections A, B, G and H.
2. Directs the South Carolina Department of Administration to execute the APA on behalf of Santee Cooper.
3. Provides that NextEra Energy will assume or exclude the pre- and post-closing liabilities and obligations of Santee Cooper as set forth in the APA; provided, however, that for any such assumed or transferred liabilities or obligations resulting from actions or events that occurred, or conditions that arose, prior to the Closing Date, NextEra Energy will retain and

have the right to assert the same claims, counterclaims, defenses and immunities that would otherwise be available to Santee Cooper if the liability, obligation, or claim were retained by Santee Cooper, including, but not limited to, any applicable claims of State or sovereign immunities and immunity under the Tort Claims Act.

4. Provides that Santee Cooper will remain in existence and solvent for a sufficient period of time to address retained obligations and liabilities and such other administrative functions as may be necessary and appropriate, and Santee Cooper will not file for bankruptcy protection.
5. Provides that SCP&L shall be permitted access to Santee Cooper's books and records before closing in accordance with the APA.
6. Establishes an expedited proceeding for the SCPSC to issue all certificates, approvals and implementation orders necessary or appropriate to consummate the sale under the APA; and appropriately limits the scope and jurisdiction of the SCPSC proceeding to be consistent with the Enabling Legislation, the APA to ensure an efficient transition to an investor owned utility.
7. Directs the SCPSC to grant SCP&L a certificate approving SCP&L as a certificated investor-owned utility, and grant SCP&L the right to serve the retail service territory and retail customers being served by Santee Cooper as of the Closing Date.
8. Approves the necessity and siting of NextEra's proposed generation resource plan (the "Generation Resource Plan") as described in Section C above; authorizes SCP&L to construct, own, and operate the Generation Resource Plan and associated facilities; and directs the SCPSC to issue certificate(s) of public convenience and necessity affirming the siting and construction of the Generation Resource Plan and associated facilities. Approves the need for the transmission lines associated with the Generation Resource Plan, and establishes an expedited SCPSC review and approval process for the siting of such transmission lines.
9. Confirms that SCP&L's rates established following the Rate Freeze Period will include as prudently incurred investment in rate base (i) the net book value of the assets acquired from Santee Cooper, (ii) SCP&L's approved investment in the Generation Resource Plan and associated facilities and associated transmission lines as described in Section C above, and (iii) assets and liabilities reflected on SCP&L's balance sheet upon closing to extent purchased and assumed and related expenses reflected in its prospective income statement arising from conduct, plans, commitments or decisions of Santee Cooper prior to the Closing Date.
10. Directs the SCPSC to issue orders, on an expedited basis, implementing the rates and tariffs described in Section B above and Section H below, as well as financing orders necessary to effectuate the securitization described below.
11. Provides for certain tax abatements and payments in lieu of taxes as described in Section C above.
12. Authorizes two securitizations totaling approximately \$1.325 billion to retire a portion of Santee Cooper's debt obligations, effectively reducing the costs that are to be recovered from retail and wholesale customers.
  - a. Directs the SCPSC to issue Financing Order(s) authorizing: (i) the recovery of the securitized costs consistent with the terms of the Enabling Legislation and the form of the Financing Orders included with the APA; (ii) the allocation of securitized costs among customers; (iii) an adjustment mechanism to be used to adjust the securitization charge; and (iv) any servicing arrangements and ancillary agreements necessary for the timely payment of the securitization bonds.
  - b. To ensure that a securitization financing can be obtained on market terms, provides the SCPSC with jurisdiction to authorize the imposition and collection of

a non-bypassable charge upon the end-use customers served directly and indirectly by Santee Cooper or Central; provided, however, that the SCPSC's jurisdiction will be limited exclusively for this purpose and only for the duration of the securitization obligation.

**H. New utility will need to be established and certain ratemaking issues will need to be addressed**

1. Certain ratemaking and regulatory outcomes will need to be addressed and included in the Enabling Legislation, as provided in Exhibit 3, to establish a new regulated electric utility consistent with the terms and conditions reflected in in the APA.
2. The principles will include the following key elements, which will be approved in the Enabling Legislation and implemented in connection therewith:
  - a. Implement the initial rates, terms and conditions for the Rate Freeze Period as set forth in Section B above.
  - b. Implement an authorized return on equity of 10.2 percent and capital structure of 52.2 percent equity for SCP&L for all retail regulatory and ratemaking purposes, including the computation of Allowance for Funds Used During Construction ("AFUDC"), until SCP&L's new schedule of rates and charges are established following the expiration of the Rate Freeze Period.
  - c. Affirm that rates established following the Rate Freeze Period will include as used and useful and prudently incurred investment in rate base (i) the net book value of the electric service assets acquired from Santee Cooper, (ii) SCP&L's approved investment in the Generation Resource Plan and associated facilities, associated transmission lines as described in Section C above, and necessary upgrades, and (iii) purchased assets and assumed liabilities reflected on SCP&L's balance sheet upon closing and expenses reflected in its prospective income statement arising from conduct, plans, commitments or decisions of Santee Cooper prior to the Closing Date.
  - d. Confirm that SCP&L will prepare a new depreciation study to be approved by the SCPSC with rates consistent with the Generation Resource Plan described in Section C above and SCP&L's operational strategies, subject to the following:
    - i. For coal facilities retired during the Rate Freeze Period, the unrecovered net book value will be deferred as a regulatory asset and will earn a return until fully amortized over 30 years, such amortization and recovery to begin at the time new rates are set after the Rate Freeze Period; and
    - ii. The new depreciation study will include support for a non-cash "flexible" credit associated with regulatory liabilities and/or depreciation surplus of approximately \$350 million, which will be available to be utilized by SCP&L at its discretion until new rates are set after the Rate Freeze Period.
  - e. Provide for the deferral and amortization of certain costs set forth in Section B.
  - f. Provide for recovery of certain costs incurred during the Rate Freeze Period through a rider as set forth in Section B.
  - g. Allow for an adjustments and hedging of certain costs prior to the Closing Date as set forth in Section B.

**I. NextEra Energy Cash Contribution**

1. NextEra Energy will pay \$500 million to Santee Cooper at closing, and such payment will not be subject to adjustment. The \$25 million payment by NextEra Energy, to be delivered into escrow on the recommendation date as an earnest money deposit for this bid, shall be

paid to Santee Cooper at closing and credited toward payment of the \$500 million payment described above.

2. NextEra will deposit an additional \$100 million into an escrow account at closing (the "Purchase Price Adjustment Fund").
  3. To the extent that actual net working capital amounts and actual decommissioning amounts at closing are in excess of 110% of target working capital amounts at closing in Attachment A and 100% of target decommissioning amounts at closing in Attachment B (respectively), then, pursuant to the APA, the purchase price will be adjusted to reflect such excess amount.
  4. To the extent that actual net working capital amounts, actual decommissioning amounts, and actual capital expenditure amounts at closing are lower than 90% of the target working capital amounts at closing in Attachment A, 100% of the target decommissioning amounts at closing in Attachment B, and 90% of the target capital expenditure amounts at Closing as set forth in the APA (respectively), then, pursuant to the APA, the purchase price will be adjusted to reflect such lower amount (with such adjustment limited to the amount in the Purchase Price Adjustment Fund).
  5. To the extent that (i) the principal amount of Santee Cooper's debt to be defeased or repaid by NextEra Energy at closing exceeds \$6.859 billion, and (ii) pre-closing accounting errors have an effect (as determined in accordance with the APA) in excess of \$25 million, then, pursuant to the APA, the purchase price will be adjusted to reflect the amount of such excess (with such adjustment limited to the amount in the Purchase Price Adjustment Fund).
  6. If the above-described adjustments collectively result in an increase in the purchase price, NextEra Energy will make a payment to Santee Cooper for the amount of such increase, and the entire Purchase Price Adjustment Fund will be distributed to Santee Cooper. If the above-described adjustments collectively result in a decrease in the purchase price, NextEra Energy will be entitled to receive from the Purchase Price Adjustment Fund the amount of such reduction, and any amount thereafter remaining in the Purchase Price Adjustment Fund will be distributed to Santee Cooper.
  7. Prior to the closing, Santee Cooper and NextEra Energy will prepare estimates of the above-described adjustments to the purchase price (subject to certain modifications to limit the effects of extraordinary forecasted increases in working capital or capital expenditures). If such estimates would result in a reduction of the purchase price by more than the Purchase Price Adjustment Fund, NextEra Energy will not be obligated to close.
- J. Regulatory Approvals Required** As a condition to closing, NextEra Energy must obtain all orders and approvals from any State or federal agency whose approval is necessary for the consummation of the proposed acquisition of Santee Cooper's assets.
1. SCPSC Approvals - Certain SCPSC ratemaking and regulatory approvals will need to be effectuated to establish the new investor-owned utility, to enable the modernization of the generation portfolio currently operated by Santee Cooper and, in general, to provide for an orderly transition period that will provide rate stability and other significant benefits to Santee Cooper's customers and the State of South Carolina. Under the terms of the APA, as a condition to closing, such approvals will need to be final, binding, and non-appealable and in form and substance reasonably satisfactory to NextEra Energy. The Enabling Legislation described in Section G above will establish an expedited process for the SCPSC to grant and issue any and all certificates, approvals and orders necessary or appropriate to consummate the sale under the APA. Under this expedited process, NextEra Energy anticipates that it would, subject to timely requests for reconsideration and appeals if any, receive all necessary orders of the SCPSC within 180 days or less from the date the APA is executed. SCPSC approvals include:

- a. Certificate of public convenience and necessity to certificate SCP&L as a certificated electrical utility allowed to operate electric facilities to serve customers within the service territory.
  - b. Order confirming SCP&L shall provide electric service within the service territory as possessed by Santee Cooper as of February 3, 2020, and shall have the same rights and obligations as other investor owned utilities.
  - c. Certificates of public convenience and necessity affirming the necessity and siting of the Generation Resource Plan and associated facilities described in Section C above, and authorizing SCP&L to construct, own, and operate the Generation Resource Plan and associated facilities described in Section C above.
  - d. Orders approving SCP&L's initial rates, service rules, regulations and tariffs to be implemented during the Rate Freeze Period as described in Sections B and H above.
  - e. Accounting order(s) implementing and affirming certain ratemaking and accounting provisions described in Section H.
  - f. Financing orders implementing the securitizations described in Section G(11) above.
2. FERC Approvals - The acquisition of Santee Cooper's assets and transition to a new investor-owned utility will create a new public utility that will become subject, upon closing, to additional FERC regulatory authority under Part II of the Federal Power Act ("FPA"). FERC approvals currently contemplated are:
- a. FPA Section 203 Transaction Authorization to acquire Santee Cooper's generation and FERC-jurisdictional transmission facilities.
  - b. FPA Section 205 Approval of new Power Purchase Agreement between Central and SCP&L.
  - c. FPA Section 205 OATT and Transmission Service Agreements Approval.
  - d. FPA Section 205 Transmission Interconnection / Interchange Agreements with Central and Other Transmission Owners connected to Santee Cooper's system.
  - e. FERC Approval of Hydro License Transfer for Project No. 199 under Part I of the FPA.
  - f. FPA Section 205 Market Based Rate Wholesale Power Tariff.
  - g. FPA Section 205 Cost-Based Rate Wholesale Power Tariff for Santee Cooper Balancing Authority Area ("BAA").
- K. Certain Closing Conditions and Agreements** The APA contains representations and warranties, conditions, covenants and other agreements that are customary for transactions of this nature including, but not limited to, the following:
1. Conditions to closing will include: (a) enactment of the Enabling Legislation, (b) required approvals of the SCPSC, (c) execution of all fee in lieu of taxes, franchise agreements and/or other arrangements with counties and local governments sufficient to effect the terms outlined in Section C, (d) FERC and Federal Communications Commission approvals and any other governmental approvals necessary to effect the terms outlined herein and (e) other approvals customary or appropriate for transactions of this type.
  2. Closing will also be conditioned upon (a) execution of, and issuance of a FERC order accepting for filing and permitting to become effective, a mutually acceptable long-term

wholesale agreement with Central, and (b) all other conditions to SCP&L's obligations to commence service (and to Central's obligations to commence purchases) under the wholesale agreement having been met.

3. Estimated purchase price reductions at closing arising from the aggregate of estimated post-closing adjustments are not in excess of the \$100 million dollar escrow fund.
4. The APA will also include customary covenants related to Santee Cooper's conduct of business between signing and closing.

**Attachment A**  
**Target Working Capital at Closing<sup>49</sup>**

<b>Estimated at Closing (\$ millions)</b>	<b>Working capital per Bid Instructions</b>	<b>Adjustments</b>	<b>Target working capital</b>
<b>Working Capital - Assets</b>			
Receivables	\$234.1		\$234.1
Materials inventory	\$155.3		\$155.3
Fuel inventory	\$222.0		\$222.0
Interest receivable	\$1.9	(\$1.9)	\$0.0
Prepaid expenses and other current assets	\$74.7	(\$38.4)	\$36.3
<b>Total working capital assets</b>	<b>\$688.0</b>		<b>\$647.7</b>
<b>Working Capital - Liabilities</b>			
Accounts payable	\$177.1		\$177.1
Other current liabilities	\$83.2	(\$29.8)	\$53.4
<b>Total working capital liabilities</b>	<b>\$260.3</b>		<b>\$230.5</b>
<b>Target Net Working Capital</b>	<b>\$427.7</b>		<b>\$417.2</b>

<sup>49</sup> Balances as of September 30, 2019. Based on Data Room file 12.1.18, 2.10.31.47 and 2.10.31.48. Excluded amounts are assets not transferred (hedges, prepaid insurance, employee benefits) and liabilities not assumed (hedges, benefits) pursuant to the APA

**Attachment B**  
**Target Decommissioning Funds at Closing<sup>50</sup>**

<b><u>Estimated at Closing (\$ millions)</u></b>	
Internal Fund	\$86.0
External Fund	\$146.8
<b>Total</b>	<b>\$232.8</b>

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<sup>50</sup> Based on Data Room file 2.2.65. September 30, 2019 balances

**Attachment C**  
**Target Capital Expenditures<sup>52,53</sup>**

**2019<sup>54</sup>**

	<b>Oct. 2019</b>	<b>Nov. 2019</b>	<b>Dec. 2019</b>
<b>Monthly Capital</b>	\$37,200	\$37,200	\$37,100
<b>Cumulative Total</b>	\$37,200	\$74,400	\$111,500

**2020<sup>55</sup>**

	<b>Jan. 2020</b>	<b>Feb. 2020</b>	<b>March 2020</b>	<b>April 2020</b>	<b>May 2020</b>	<b>June 2020</b>	<b>July 2020</b>	<b>Aug. 2020</b>	<b>Sept. 2020</b>	<b>Oct. 2020</b>	<b>Nov. 2020</b>	<b>Dec. 2020</b>
<b>Monthly Capital</b>	\$21,492	\$23,834	\$24,399	\$24,553	\$22,030	\$21,033	\$21,983	\$19,851	\$19,571	\$22,722	\$20,774	\$19,766
<b>Cumulative Total</b>	\$132,992	\$156,826	\$181,226	\$205,779	\$227,808	\$248,841	\$270,824	\$290,676	\$310,247	\$332,969	\$353,743	\$373,509

**2021<sup>56</sup>**

	<b>Jan. 2021</b>	<b>Feb. 2021</b>	<b>March 2021</b>	<b>April 2021</b>	<b>May 2021</b>	<b>June 2021</b>	<b>July 2021</b>	<b>Aug. 2021</b>	<b>Sept. 2021</b>	<b>Oct. 2021</b>	<b>Nov. 2021</b>	<b>Dec. 2021</b>
<b>Monthly Capital</b>	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108	\$23,108
<b>Cumulative Total</b>	\$396,617	\$419,725	\$442,833	\$465,941	\$489,049	\$512,157	\$535,265	\$558,373	\$581,481	\$604,589	\$627,697	\$650,805

<sup>52</sup> For purposes of the capex adjustment, the target capex expenditure amount will be determined based on the cumulative spend up to the month prior to the month in which the closing occurs (based on a monthly capex schedule attached as an exhibit to the APA).

<sup>53</sup> All figures in thousands (e.g., a reference to "\$37,200" in the tables means \$37,200,000)

<sup>54</sup> Fourth quarter 2019 per Data Room file 2.2.60. Represents total of 2019 annual budget less amounts spent through September 30, 2019.

<sup>55</sup> Full-year 2020 amounts per "2020 Reform Monthly Data" file provided by Gibson Dunn

<sup>56</sup> Full-year 2021 amounts per Data Room files 12.1.7 and 12.1.8

## Exhibit 2: NextEra's Utility Experience

NextEra is well-positioned to provide safe, reliable and cost-effective utility services for Santee Cooper's customers. We intend to rely on the same core principles we utilize at our FPL subsidiary, which provides superior customer value to more than five million electric customer accounts in Florida.

### FPL Operating Philosophy: The "Virtuous Circle"

Central to our operating philosophy is a strong and steady focus on improving customer value both short- and long-term. We approach this as an ongoing process involving smart investments in our infrastructure and a sustained commitment to efficiency and productivity and, in general, improving all aspects of our service and reliability. Our ability to deliver outstanding customer value did not and does not happen overnight or by accident. Rather, it is, and must be, the result of consistent and cumulative action over an extended period of time.

The success we have had in delivering outstanding customer value reflects a longstanding philosophy and committed approach to the business that we refer to as the "virtuous circle."

The starting point for us on this "circle" is focusing on delivering superior customer value. Fundamentally, we believe that exceptional customer value results in strong customer satisfaction. The combination of customer value and customer satisfaction, in turn, helps to support a constructive regulatory environment. A constructive regulatory environment, in turn, is essential to our ability to deliver customer value, because to deliver that value FPL must maintain a strong credit rating, have ready access to sufficient debt and equity capital and rely on stable, constructive regulation to make the types of smart, innovative, capital-intensive investments necessary to produce that customer value. This virtuous circle model has worked exceptionally well for customers over many years.

Under the framework just described, we strive to do the right thing even before we are ordered or asked to do so – and at times in the face of intervenor opposition that is focused only on the short-term. When the Great Recession was disrupting other Florida businesses, we maintained our long-term perspective, continuing to make smart investments in our infrastructure and building a system that would provide long-term benefits to customers in terms of both clean generation, reliability, storm resiliency and low bills. A key example is our ongoing investment in highly efficient natural gas and solar generating plants that have saved our customers billions of dollars in fuel costs. In addition, these investments have positioned us to be in compliance today with the 2030 carbon emission rate target that the U.S. Environmental Protection Agency's Clean Power Plan ("CPP") had proposed for Florida. Another example is the modernization of our grid, building one of the strongest and smartest grids in America today. At a time when many areas of our country are struggling to deal with daunting infrastructure problems, we can be proud of the smart, modern infrastructure we have built in Florida and the value that it brings to customers every day.



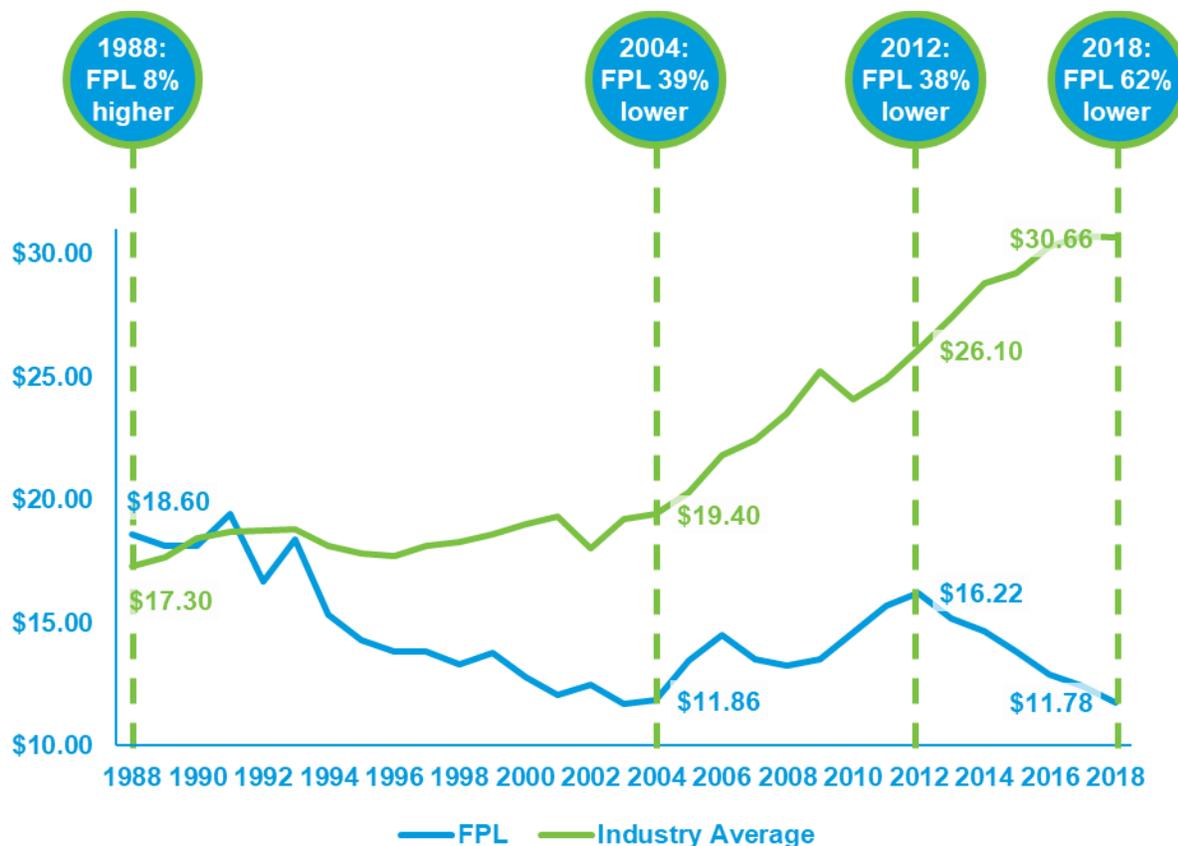
FPL's long-term strategy has worked extremely well, as measured by traditional utility operating metrics (e.g. lower typical residential 1,000 kWh customer bill ("typical residential bill"), lower operating costs per MWh, lower fuel costs, lower carbon footprint and higher system reliability metrics).

The core of our strategy to deliver strong customer value consists of four key elements:

- 1) A relentless focus on efficiency and productivity;
  - o FPL's 2018 non-fuel O&M per MWh was 62 percent lower than the average electric utility in the U.S., which equates to \$2 billion for FPL retail customers or approximately \$20 per month on the Typical Residential Bill

- FPL's best-in-class 2018 non-fuel O&M was 13 percent lower than its 2016 levels, when it was already the lowest in the nation
- 2) Smart investments that contribute to lower O&M, lower fuel costs, lower emissions, better reliability and otherwise improve customer value;
  - More than \$15 billion invested in clean generation, resulting in \$10 billion in fuel savings
- 3) Sound financial policies, including a strong balance sheet; and
  - A- / A- / Baa1 with S&P, Fitch and Moody's, respectively
- 4) A willingness to innovate and embrace new ideas and technology.
  - A focus on smart meter, smart grid, artificial intelligence and emerging technologies

**FPL versus Industry Non-Fuel O&M per Retail MWh<sup>57</sup>**

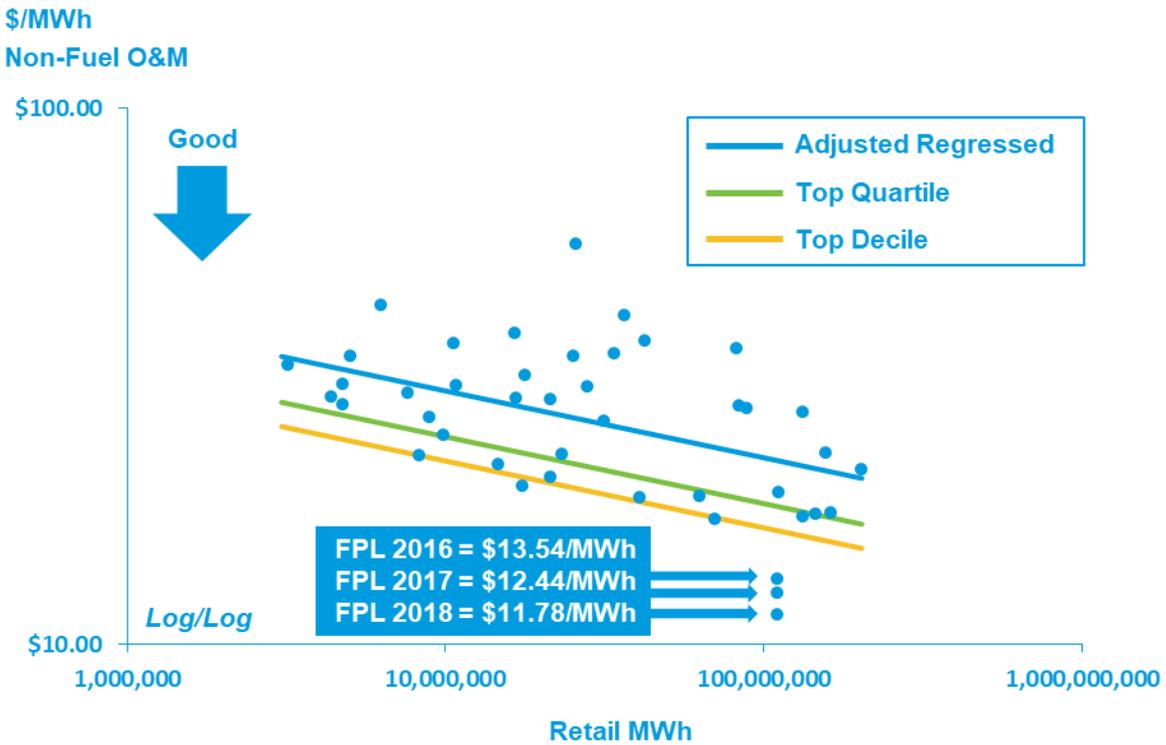


FPL has consistently been a best-in-class performer and we continue to effectively manage non-fuel O&M. In recent years, NextEra has instituted two programs – Project Momentum (2013-2016) and Project Accelerate (2017-current) – which continuously reevaluates our operating performances and encourages the implementation of cost efficiencies. Across FPL and other NextEra businesses, we have realized approximately \$1 billion of run-rate cost efficiencies through these programs since 2013. For FPL, such efficiencies often accrue to the benefit of our customers.

All of our Project Momentum and Accelerate ideas are generated by our employees, illustrating how our culture of continuous excellence is embraced throughout our organization. In fact, Gulf Power's employees participated in Project Accelerate just three weeks after NextEra closed on the acquisition and suggested approximately 500 cost saving ideas. Gulf Power, a company similar in size to Santee Cooper, is executing on 200 of these ideas, which are expected to yield approximately \$100 million of run-rate savings by 2022.

<sup>57</sup> FERC Form 1, 1994-2018; excludes pensions and other employee benefits; FPL costs exclude expense related to Hurricane Irma write-off

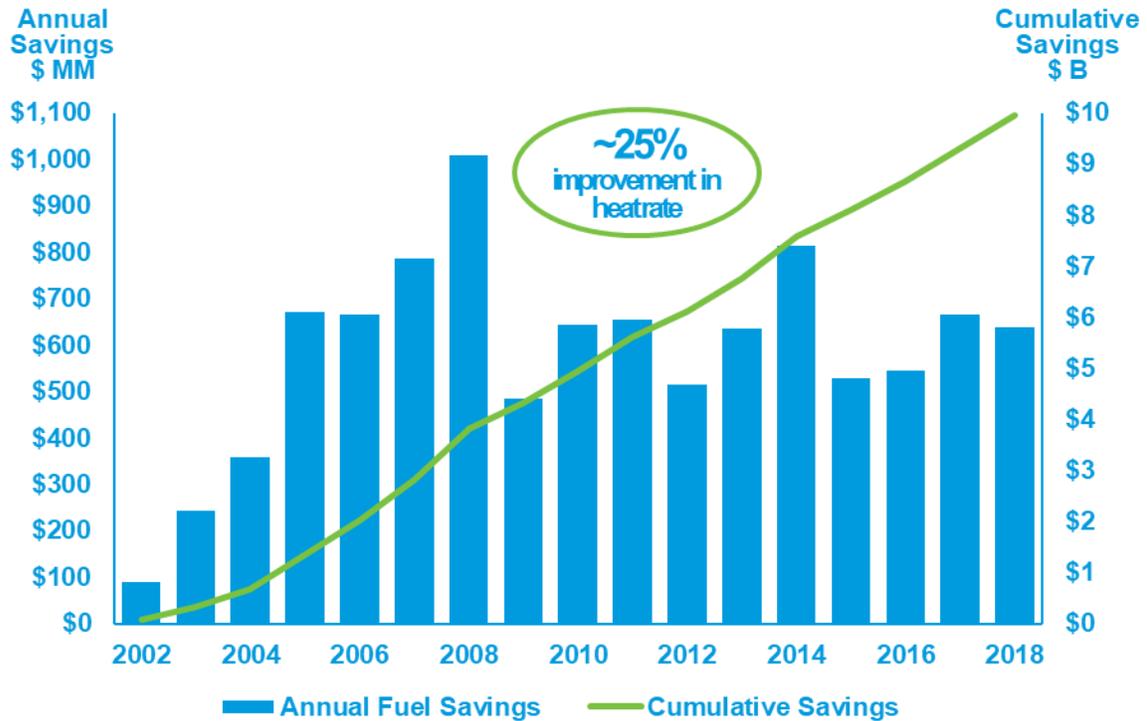
**Operational Cost Effectiveness<sup>58</sup>**



Over the last few decades, FPL has transformed its generation fleet because we are committed to providing our customers with energy that is affordable, reliable and clean. We have retired older, oil-fired power plants and replaced them with modern energy centers powered by clean, U.S.-produced natural gas. We have also purchased and retired coal-fired power plants with which we held power purchase agreements, providing further benefits to our customers and communities. Since 2001, these investments in cleaner, more efficient power plants have saved customers more than \$10 billion, reduced our non-fuel O&M expense per megawatt-hour, reduced our oil usage by 99 percent, improved our OSHA safety record and avoided the emission of 120 million tons of CO<sub>2</sub>.

<sup>58</sup> FERC Form 1, 2018: excludes pensions and other employee benefits; includes holding companies with >100,000 customers and utility-owned generation; FPL 2017 costs exclude expense related to Hurricane Irma storm cost write-off

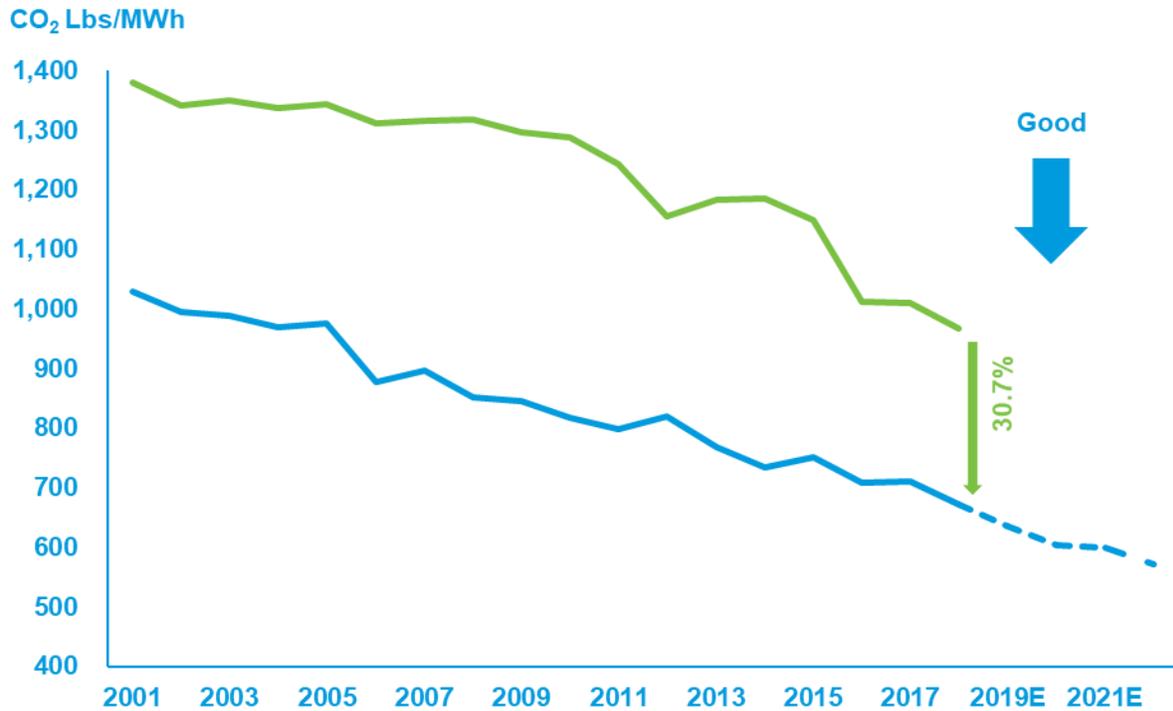
**Fuel Savings of ~\$10 billion on a Cumulative Basis, Reducing Customer Bills and Increasing Customer Value<sup>59</sup>**



In addition to fuel cost savings, FPL's strategy has reduced CO<sub>2</sub> emissions by approximately 35 percent since 2001, resulting in an emissions profile that is approximately 30 percent below the national average. FPL's CO<sub>2</sub> emission rates are expected to decrease an additional 16 percent by 2020. These investments have positioned us to be in compliance today with the 2030 carbon emission rate target that the U.S. Environmental Protection Agency's CPP had proposed for Florida.

<sup>59</sup> Historical fuel savings were computed using the actual fossil fuel costs in each year compared to what the fuel cost would have been using the 2001 heat rate and the actual price of fuel in each year; savings reflect the value of efficiency improvements

### FPL CO<sub>2</sub> Emissions Profile<sup>60</sup>



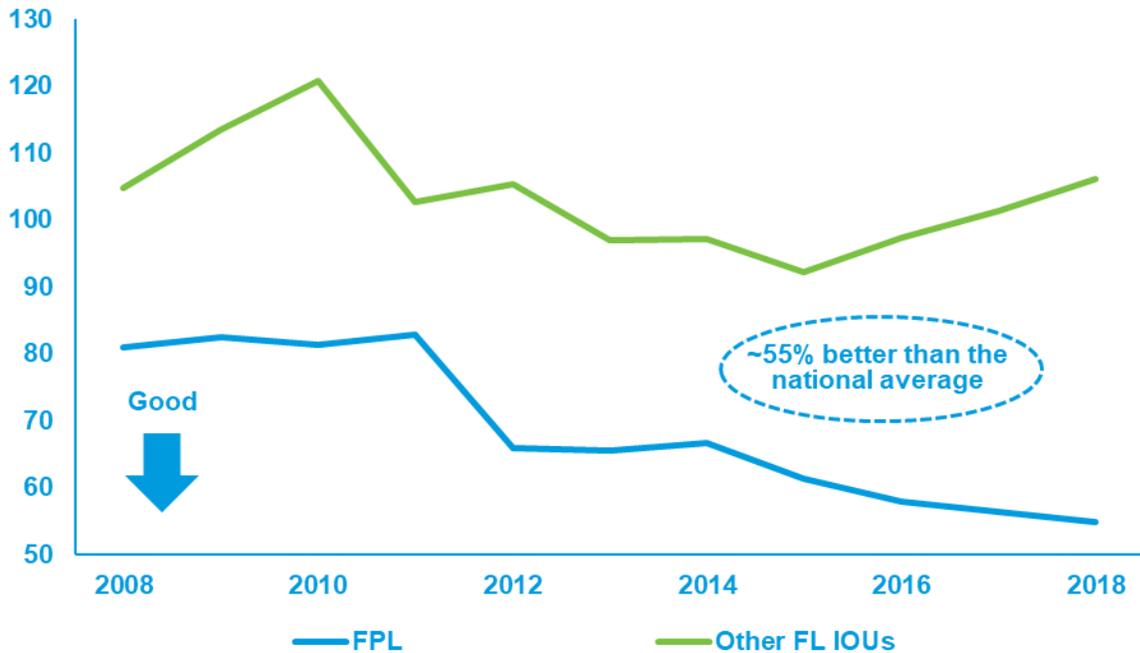
The charts above illustrate the types of fuel cost and emissions savings opportunities NextEra's proposal envisions for Santee Cooper.

### Investments Improve Reliability and Operations

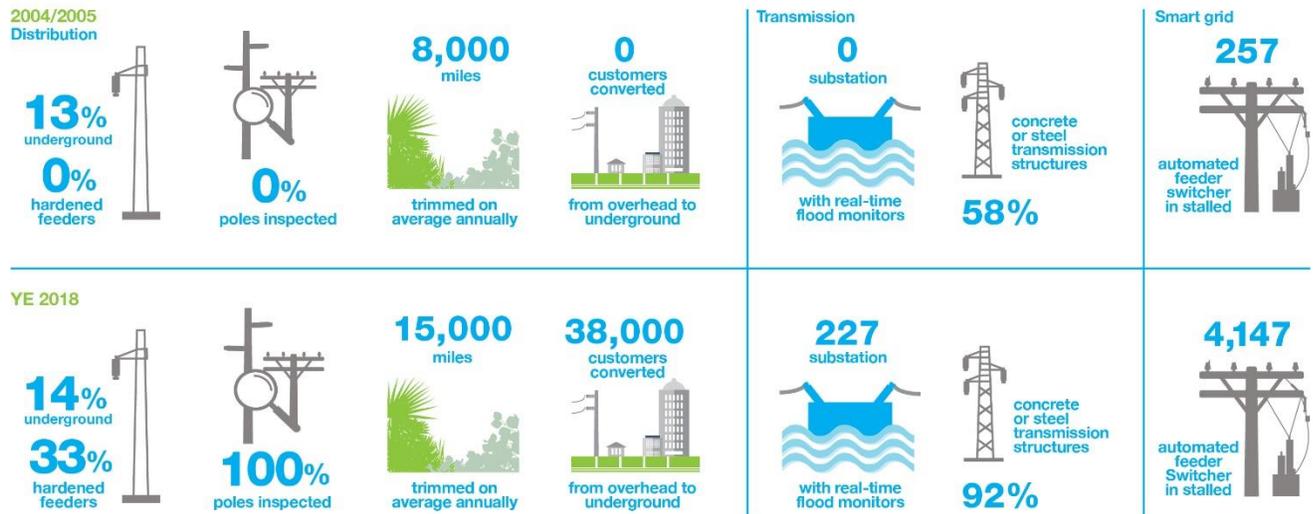
The "virtuous cycle" long-term view philosophy on capital expenditures and O&M results in investments in transmission and distribution and generation resulting in fewer system outages and industry-leading reliability metrics. The System Average Interruption Duration Index ("SAIDI"), which represents the number of minutes the average customer is without power in one year, is a common metric utilized in the electric utility sector. Relative to 2008, FPL's 2018 SAIDI improved by 33 percent and was materially lower than the other Florida electric utilities. In fact, FPL has been named one of the most reliable utilities in the industry, and our reliability metrics are top decile.

<sup>60</sup> NextEra historic internal data and projected from 2019 ten-year site plan; 61 US Electric Power Sector: DOE data

**2008 to 2018 SAIDI (Minutes)<sup>61</sup>**



Our SAIDI has improved every single year since 2008 and will continue to improve as we focus on hardening our utility infrastructure and making the grid smarter. FPL has vigorously pursued the physical hardening of its transmission and distribution system in order to both reduce the financial exposure to loss and to ensure rapid restoration following severe weather events. After suffering significant loss and prolonged outages in the 2004 and 2005 tropical storm seasons, FPL has taken significant steps to strengthen and modernize its electric infrastructure, which include regular pole inspections, system infrastructure hardening (both distribution and transmission), undergrounding of facilities and vegetation management.



<sup>61</sup> System average interruption duration index as reported to the Florida Public Service Commission; IOU Average includes DEF, TECO and Gulf Power; National average from PA ReliabilityOne™ database and EIA Form 861 Data, 2018 data year

Consistent with FPL’s Commission-approved Electric Infrastructure Storm Hardening Plan, FPL continues to implement its three-prong approach to storm hardening by applying (1) extreme wind loading (“EWL”) criteria to electric lines serving critical infrastructure facilities (“CIF”); (2) incremental hardening to community project feeders; and (3) construction design guidelines that require EWL for the design and construction of all new overhead facilities, major planned work and relocation projects. Since 2006, FPL has invested nearly \$4 billion to strengthen its energy grid, which has improved reliability in day-to-day operations and during hurricane season.

The benefits of FPL’s storm hardening plan are most noticeable in comparing Hurricanes Wilma and Irma, which struck FPL’s service territory in 2005 and 2017, respectively. Both storms were major hurricanes, but by all metrics, Irma was significantly stronger. Irma impacted all 35 counties FPL serves and impacted many more customers. However, the backbone of FPL’s system was more resilient during Irma. FPL lost 4,600 poles (mostly due to trees), a 63 percent improvement compared to Wilma, and de-energized only 92 substations, which were fully re-energized after one day, compared to a more impactful 241 de-energized substations in Wilma which took five days to restore. The distribution system was also more resilient. Automated feeder switches helped avoid approximately 546,000 customer interruptions, and hardened feeders actually prevented outages by performing 16 percent better than non-hardened feeders. Despite the fact that Irma was a much more powerful storm, FPL’s restoration was much faster because of the investments it had made to strengthen the system. FPL restored power in 10 days during Irma, compared to 18 days during Wilma, a 44 percent improvement.

	Hurricane Wilma (2005)	Hurricane Irma (2017)
<b>Saffir-Simpson Scale</b>	Category 3	Category 4
<b>Maximum Sustained Winds in Florida</b>	120 mph	130 mph
<b>Cyclone Damage Potential Index</b>	2.8	4.3
<b>FPL Counties Impacted</b>	21	35
<b>Customers Impacted</b>	3.2 million	4.4 million
<b>% of FPL Customers</b>	75%	90%
<b>Poles Damaged</b>	12,400	4,600
<b>Substations De-energized</b>	241	92
<b>Substations Restored</b>	5 days	1 day
<b>Customer Restoration</b>	18 days	10 days
<b>50% of Customers Restored</b>	5 days	1 day
<b>75% of Customers Restored</b>	8 days	3 days
<b>95% of Customers Restored</b>	15 days	7 days
<b>Average Customer Outage</b>	5.4 days	2.3 days

As of May 2019, FPL had hardened 98 percent of all facilities serving CIFs, such as main power lines serving critical community functions and services (e.g. police and fire stations, hospitals, ports and 911 centers in our system). Additionally, as of May 2019, 93 percent of FPL’s total transmission structure population is steel or concrete. As a result of this investment, FPL has demonstrated a stronger system and improved restoration times in subsequent storm events.

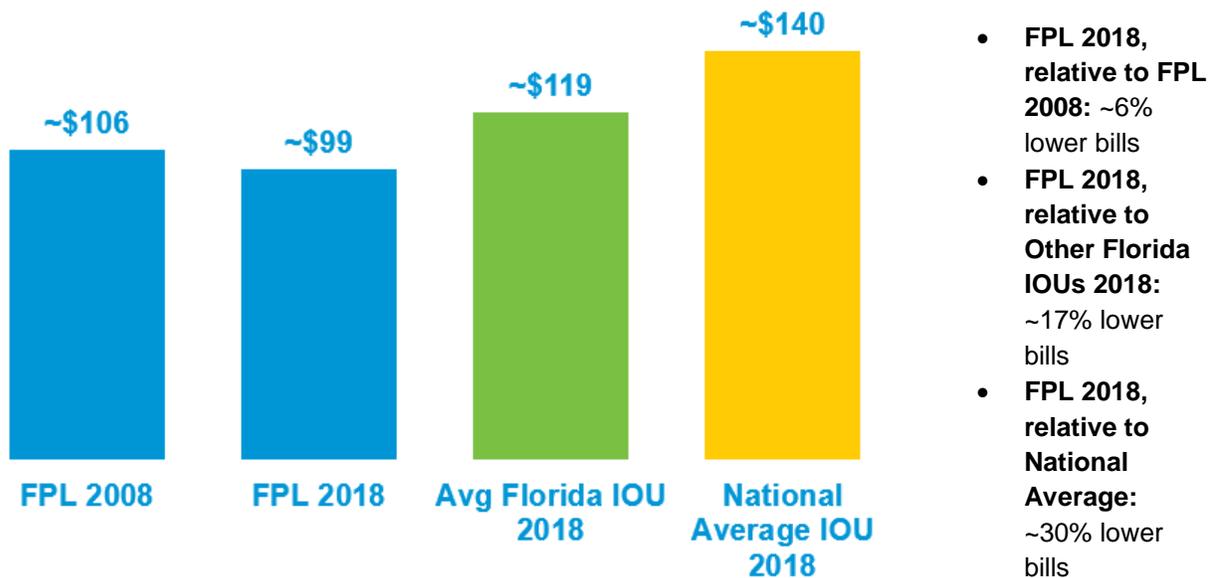
In March 2019, FPL announced its plans to continue hardening its energy grid over the next three years by additionally investing approximately \$2 billion, which includes hardening its main power lines and replacing all remaining wooden transmission structures. By the end of 2022, FPL expects that all of its transmission structures will be steel or concrete. By the end of 2024, the company expects to have hardened or placed underground all main power lines within its distribution system, including those serving critical and key community facilities.

### Virtuous Circle Results in Lower Customer Bills

FPL seeks to maintain attractive rates for its customers. Since rates are largely cost-based, maintaining low rates requires a strategy focused on developing and maintaining a low-cost position, including the implementation of ideas generated from cost-savings initiatives.

Recognizing the important role FPL plays in Florida, our management team and employees have worked hard to continue to improve the value we provide customers. FPL provides electric service that is cleaner, more reliable and more affordable at a time when the average U.S. utility bills have increased by approximately 19 percent since 2008.<sup>62</sup> A common benchmark used in the electric power industry for comparing rates across companies is the price of 1,000 kWh of consumption for a residential customer. Comparatively, FPL's typical residential bill has decreased by 8 percent in 2018 (relative to 2008). Currently, FPL's typical residential customer bill is about 30 percent lower than the latest national average, helping keep Florida economically competitive. Within Florida, FPL's typical residential bill in 2018 is approximately 17 percent lower than the latest statewide average of reporting utilities.<sup>63</sup>

**FPL 1,000 kWh Residential Bill (\$ per 1,100 kWh)<sup>64</sup>**



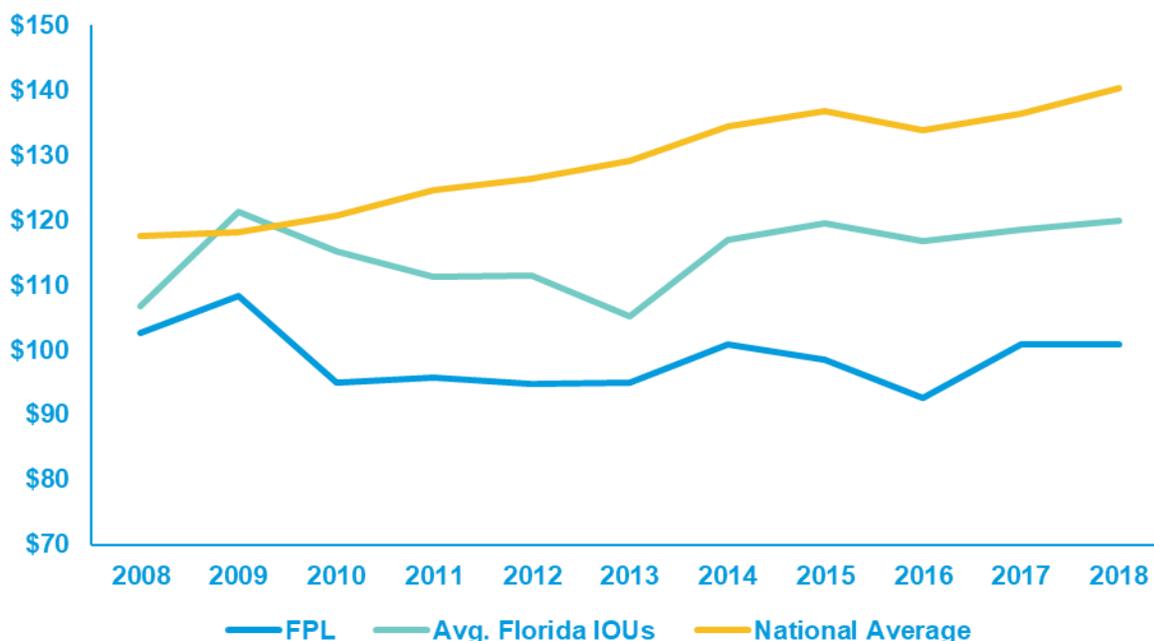
The rate stability at FPL is not a point-in-time measure; we are proud that our rates have decreased every single year over the past decade, and we expect the Typical Residential Bill to remain at ~\$95 per month in 2021 in real 2018 dollars.

<sup>62</sup> EEI Typical Bills and Average Rates Report

<sup>63</sup> Florida Average consists of TECO, Duke Energy Florida and Gulf Power.

<sup>64</sup> FPL and EEI Typical Bills and Average Rates Report. Source: EEI Typical Bills and Average Rates Report

**FPL 1,000 kWh Residential Bill (2008-2018)<sup>65</sup>**



**Responding to the Changing Demands of Customers Enhances Customer Satisfaction**

In addition to providing best-in-class utility services at among the lowest rates in the country, FPL is expanding its product offerings to address the changing needs and preferences of our customers. In recent years, customers have sought more autonomy in meeting their energy needs and are increasingly interested in renewable energy, in-the-home solutions and energy efficiency solutions, such as LED lighting. FPL’s solar program offerings include (a) FPL SolarNow, a voluntary program where participants contribute \$9/month toward the development of solar and (b) FPL SolarTogether, a community-based solar program allowing customers to sign up for a share of rate-based solar. Through these and numerous other programs, FPL is addressing changing customer needs and enhancing customer satisfaction.

**Value Provided to FPL Customers**

Category	Value / Performance
<b>Low Typical Residential 1,000-kWh Bill</b>	<ul style="list-style-type: none"> <li>▪ FPL 2018 bill is 6 percent <u>lower</u> than 2008</li> <li>▪ ~30 percent <u>lower</u> than national average percent</li> <li>▪ ~17 percent <u>lower</u> than state average</li> </ul>
<b>O&amp;M and Fuel Cost Efficiency Deliver Customer Savings</b>	<ul style="list-style-type: none"> <li>▪ 2018 non-fuel O&amp;M is 62 percent below industry average</li> <li>▪ FPL’s annual non-fuel O&amp;M expense is more than \$2 billion less than an average utility in the U.S.</li> <li>▪ FPL’s annual non-fuel O&amp;M in 2019 was 13 percent lower than its 2016 levels, when it was already at an industry-leading level</li> <li>▪ FPL expects additional savings through Project Accelerate</li> <li>▪ Retirement of inefficient generation facilities created more than \$10 billion of customer savings from 2002-2018</li> </ul>
<b>Low Emissions Profiles</b>	<ul style="list-style-type: none"> <li>▪ One of the lowest CO<sub>2</sub> profiles among major U.S. utilities</li> <li>▪ Would have complied with EPA’s 2030 CPP today</li> </ul>

<sup>65</sup> EEI Typical Bills and Average Rates Report

<b>Superior Reliability / Storm Reliance</b>	<ul style="list-style-type: none"> <li>▪ SAIDI best among Florida IOUs</li> <li>▪ 2019 ReliabilityOne™ Award for Outstanding Reliability Performance in the Southeastern U.S. (sixth consecutive year)</li> <li>▪ FPL continues to invest in storm hardening projects</li> <li>▪ In 2018, Edison Electric Institute (“EEI”) recognized FPL with its Emergency Assistance Award” for its contributions in restoring power to North Carolina following Hurricane Florence</li> </ul>
<b>Industry-Leading Generation Performance</b>	<ul style="list-style-type: none"> <li>▪ Best-in-Class Performance for the last 10 years among large electric utility fossil fleets (in heat rate and non-fuel O&amp;M)</li> <li>▪ Best-in-Class or Top-Decile Performance for nine of the last 10 years in fossil fleet forced outage rate</li> <li>▪ Top-Decile Nuclear Fleet INPO index</li> </ul>
<b>Outstanding Customer Service</b>	<ul style="list-style-type: none"> <li>▪ Various Awards and Recognition Including: <ul style="list-style-type: none"> <li>○ Distinguished in 2019 as a top-ranking utility for both residential and business customer satisfaction by J.D. Power</li> <li>○ Designated a “Customer Champion” in 2018 by Market Strategies International, a leading nationwide research firm</li> <li>○ In 2017, FPL received EEI’s National Key Accounts Award for Outstanding Customer Service – Sustained Excellence</li> </ul> </li> </ul>
<b>Responding to Customer Needs</b>	<ul style="list-style-type: none"> <li>▪ FPL SolarNow and FPL SolarTogether provide customers with more autonomy regarding energy decisions</li> </ul>
<b>Economic Development</b>	<ul style="list-style-type: none"> <li>▪ Recognized as a Top Utility in Economic Development by <i>Site Selection</i> and/or <i>Business Facilities</i> magazines – the nation’s leading economic development trade publications – every year since 2015</li> <li>▪ In 2019, FPL’s Office of Economic Development received top honors from both organizations</li> </ul>
<b>Corporate Recognition</b>	<ul style="list-style-type: none"> <li>▪ Named to Ethisphere Institute’s “World’s Most Ethical Company” list (12 times) – becoming one of only 14 current honorees in the world to achieve this prestigious honor 12 or more times</li> <li>▪ Named No. 1 in its sector to Fortune’s “World’s Most Admired Companies” list (13 out of the past 14 years)</li> <li>▪ Ranked on Fortune’s inaugural “Change the World” list, which recognizes companies across industries globally that have a positive social impact. NextEra was the only energy company from the Americas and one of only two electric companies in the world to be included</li> <li>▪ Recognized by Energy Intelligence as Top U.S. “Green Utility” in 2015 and 4th worldwide</li> <li>▪ NextEra was named to Forbes’ list of America’s Best Employers for Diversity in 2018, 2019, and 2020 (list was inaugurated in 2018)</li> <li>▪ In 2019, NextEra was awarded the Hire Vets Platinum Medallion Award from the Department of Labor for our commitment to hiring and retaining veterans</li> </ul>

### Cooperative Wholesale Relationships

NextEra is one of the largest suppliers of wholesale electricity and electricity related products to public power entities, including generation and transmission cooperatives, distribution cooperatives, municipal utility aggregations and municipal utilities, in the markets we serve. We serve more than 90 public power entities, including more than 30 cooperatives in 33 states across the U.S., providing clean, reliable energy and energy services.

NextEra has many long-standing relationships with its customers. The average cooperative service period is approximately 10 years and one of our customers has been with us for 50 years.

We serve these customers through FPL and NEER and provide a variety of products ranging from fixed-price full-requirements supply to indexed-based fixed quantity supply. NEER also provides customized

renewable energy solutions, such as traditional renewable energy certificates (“RECs”) or our innovative EarthEra Renewable Energy Trust RECs, compliance management services and energy management services. NextEra’s full requirements service infrastructure includes a 24-hour desk, regulatory and compliance services, load forecasting and scheduling, ISO settlements and billing, and REC procurement and compliance.

FPL serves approximately 1,300 MW of wholesale power supply to three local cooperatives, including more than 1,000 MW of full requirements and seven municipal electric authorities. FPL has passed on our significant savings to our wholesale customers as well as our retail customers. FPL and four of its wholesale power customers comprise five of the top 10 lowest Florida typical residential bills among 41 reporting utilities.

FPL partners with its wholesale customers to give back to the communities in which they serve providing charitable contributions to numerous local organizations. In addition, FPL provides wholesale power customers access to its vast network of inventory and crews during storm restorations.

NEER is the largest, most experienced competitor in the wholesale power market. NEER’s power marketing unit serves more than 17 million MWh to more than 70 public power entities, including more than 1,500 MW of full requirements. NEER is also a principal supplier to The Energy Authority (“TEA”) and has sold TEA more than 4 million MWh from 2011 to 2019.

Additionally, NEER provides clean, low-cost energy to cooperatives all over the country through PPAs. In 2018, NEER delivered approximately 1,900 MW of clean generation to cooperatives and has contracts to build 500 MW of wind generation in 2019. Some of these customers have purchased clean energy since 2003, primarily from wind generation.

### **Nuclear Operational Excellence**

The NextEra nuclear fleet has plants in Florida, Iowa, New Hampshire and Wisconsin. These eight operating units provide reliable, low-cost, emissions-free electricity to millions of homes and businesses. They also avoid more than 25 million tons of CO<sub>2</sub> emissions each year, which is equivalent to removing more than five million cars from the road annually.

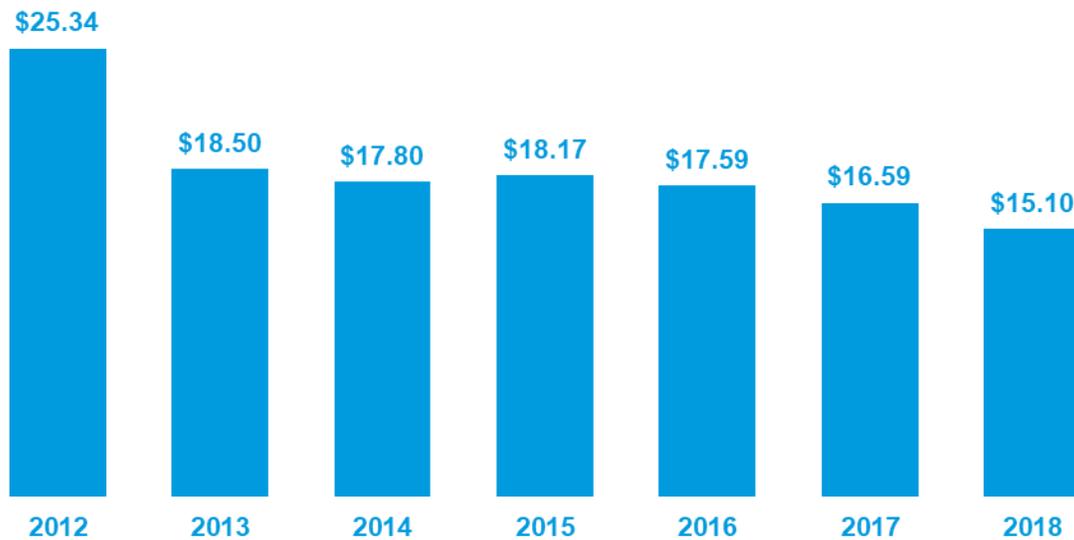
In addition, the nuclear fleet significantly benefits the economies of the communities and states in which they operate. Each site employs approximately 500 full-time, highly trained employees during regular operations and adds approximately 1,000 skilled contractors during scheduled refueling outages, which take place every 18-24 months. The plants have an economic impact that cumulatively totals in the billions of dollars each year in addition to the plants themselves generating significant tax revenues that help to fund schools and critical municipal activities.

### **Relentless Focus on Efficiency and Cost**

One of the nuclear fleet’s values is to be a Self-Improving Culture / Learning Organization. Our team is relentlessly focused on reducing low-value work and both improving and streamlining our processes, enabling our people to do their best work while driving costs down.

- From 2013 to present, our productivity improvements have resulted in approximately \$210 million in ongoing O&M savings, with at least an additional \$60 million projected
- We have also seen significant decreases in our average cost per megawatt hour generated, resulting in costs that are far better than industry average (see charts below)

### NextEra Nuclear Non-Fuel O&M, 2012 to 2018 (\$/MWh)



- Additionally, the most recent three-year fleet average of non-fuel operating cost per megawatt hour generated was \$16.43, one of the lowest of all major nuclear fleets in the nation

### Investing in Our Fleet

Since 2009, NextEra has made significant investments in the nuclear fleet that have improved the safe and reliable operation of our plants.

- In the past decade, we have invested more than \$16 billion in capital and O&M
- We have invested more than \$7.5 billion in capital improvements and upgrades to the nuclear fleet
- These investments include extended power uprates, allowing for the production of more than 730 additional megawatts of electricity across the fleet

### Nuclear Fleet Performance

Our passionate, professional team, combined with the investments in our plants, have helped produce amazing results in overall fleet performance.

- In 2018, the NextEra nuclear fleet was ranked as one of the top nuclear fleets in the nation by the Institute of Nuclear Power Operations (“INPO”)
- In 2019, at the completion of an exhaustive review process, we were granted a 20-year license renewal at our Seabrook, New Hampshire, plant. We were also granted a second license renewal at our Turkey Point plant, making Turkey Point the first nuclear plant in the U.S. to be authorized for up to 80 years of power generation
- Our commitment to innovation and efficiency have resulted in significant reductions in our cost per megawatt hour generated over the past decade
- Our 2018 fleet employee engagement scores had the highest percent gain of any large business unit in NextEra
- Two nuclear plants, Duane Arnold and Point Beach, have been awarded the Occupational Safety and Health Administration’s (“OSHA”) Voluntary Protection Program “Star” status for comprehensive safety and health management

## **Awards and Recognition**

NextEra's nuclear fleet has been recognized often for its commitment to operational excellence and corporate responsibility. Of note:

- In 2014, NextEra's Point Beach plant was honored with a Design Vendor Award for its reactor vessel examination process
- In 2016, the nuclear fleet was honored with the Nuclear Energy Institute's "Best of the Best" and "Top Industry Practice" awards for our Continuous Improvement Program. Since 2011, we have received a total of six "Top Industry Practice" awards
- In 2018, the Wisconsin Safety Council recognized Point Beach with its top safety award and inducted Chief Nuclear Officer Mano Nazar into its Hall of Fame

Our reliability metrics for the FPL generation fleet are materially stronger than industry averages, with best-in-class performance for the last 10 years among large electric utility fossil fleets (in heat rate and non-fuel O&M). The FPL nuclear fleet is in the top decile of the INPO index, which measures operational quality. In addition, in 2017, FPL's nuclear fleet was top decile on EFOR and non-fuel production O&M expense.

### **Exhibit 3: Overview of Enabling Legislation and Regulatory Approvals**

Enactment of Enabling Legislation will be required to implement NextEra Energy's proposed purchase of the Santee Cooper assets identified in the APA, and certain ratemaking and regulatory approvals will need to be effectuated to establish the new investor-owned utility, to enable the modernization of the generation portfolio currently operated by Santee Cooper and, in general, to provide for an orderly transition period that will provide rate stability and other significant benefits to Santee Cooper's customers and the State of South Carolina. Closing of NextEra Energy's acquisition of the Santee Cooper assets identified in the APA is conditioned on the enactment of the Enabling Legislation and NextEra Energy's acceptance, as sufficiently final, binding and compliant with the terms of the APA, of the decisions of any State or federal agency whose approval is necessary for the consummation of the terms of the APA.

The Enabling Legislation will approve the APA and direct the Department of Administration, on behalf of Santee Cooper, to execute the APA and any other documents contemplated by the APA or otherwise commercially reasonable and necessary to consummate the sale under the APA. To implement this sale and to ensure an efficient transition to an investor owned utility, the Enabling Legislation will establish an expedited process for the SCPSC to grant and issue any and all certificates, approvals and orders necessary or appropriate to consummate the sale under the APA and implement the requirements of the Enabling Legislation as summarized below. Under this expedited process, NextEra Energy anticipates that it would, subject to timely requests for reconsideration and appeals, if any, receive all necessary orders of the SCPSC within 180 days or less from the date the APA is executed.

In addition to Enabling Legislation and SCPSC implementation orders, certain federal regulatory approvals will be necessary to consummate the sale under the APA. To close on the acquisition, NextEra Energy will need to obtain Federal Energy Regulatory Commission ("FERC") approvals of, among other matters, the proposed purchase of Santee Cooper's generation and transmission facilities, the transfer of the license for the hydroelectric assets and new wholesale Power Purchase Agreements ("PPAs") between NextEra Energy and Central and other wholesale customers. Other FERC, Federal Communications Commission, Nuclear Regulatory Commission and other approvals customary or appropriate for a transaction of this type may also be required and will be conditions to the closing of the transaction, where applicable.

#### State Enabling Legislation and SCPSC Implementation Orders

- 1) Acceptance of NextEra Proposal and Direction to the Department of Administration to sell certain assets to NextEra Energy

The Enabling Legislation will approve the APA and authorize and direct the Department of Administration, on behalf of Santee Cooper, to execute the APA and any other documents contemplated by the APA or otherwise commercially reasonable and necessary to consummate the sale under the APA.

The Enabling Legislation will provide that NextEra Energy will assume or exclude certain pre- and post-closing liabilities and obligations of Santee Cooper as set forth in the APA; provided, however, that for any such assumed or transferred liabilities or obligations, NextEra Energy shall retain and have the right to assert the same defenses, claims and counterclaims that would otherwise be available to Santee Cooper if the liability / obligation were retained by Santee Cooper, including, but not limited to, any applicable claims of State or sovereign immunity under the Tort Claims Act.

- 2) Omnibus Initial Proceeding

The Enabling Legislation will establish an expedited Omnibus Initial Proceeding for the SCPSC to issue to SCP&L all certificates, approvals and implementation orders necessary or appropriate to consummate the sale under the APA. The Enabling Legislation also will appropriately limit the scope and jurisdiction of the Omnibus Initial Proceeding to ensure an efficient transition to an investor-owned utility.

3) Certificate of public convenience and necessity for SCP&L

The Enabling Legislation will direct the SCPSC to grant a certificate of public convenience and necessity to SCP&L and, consistent with the Enabling Legislation, deem SCP&L to be a certificated electrical utility allowed to operate electric facilities to serve customers within the service territory.

4) Service area of SCP&L

The Enabling Legislation will authorize SCP&L, effective on the closing date, to provide service within the service territory that Santee Cooper possessed as of February 3, 2020, and provide that SCP&L shall have the same rights and obligations as any other investor owned utility serving South Carolina subject to Article 5 of Chapter 27 of Title 58, South Carolina Code of Laws. The Enabling Legislation will direct the SCPSC to enter an appropriate order in the Omnibus Initial Proceeding recording the assignment of these electric service rights to SCP&L.

5) Generation Resource Plan

The Enabling Legislation will approve the necessity and siting of NextEra Energy's proposed Generation Resource Plan and associated facilities; authorize SCP&L to construct, own and operate its proposed Generation Resource Plan and associated facilities; and direct the SCPSC to issue a certificate of public convenience and necessity in the Omnibus Initial Proceeding affirming the siting and construction of the Generation Resource Plan.

The Enabling Legislation will direct SCP&L to solicit bids from qualified equipment suppliers and contractors for the safe and reliable construction of the Generation Resource Plan, associated facilities and associated electric transmission lines. In the event that SCP&L or its affiliates will be such a bidder, the Enabling Legislation provides that such bidding process will be overseen by the SCPSC.

The Enabling Legislation will establish limitations on the installed costs for the Generation Resource Plan and associated facilities that SCP&L shall be permitted to recover in the rates and charges to be set following the expiration of the Rate Freeze Period.

The Enabling Legislation will approve the need for the electric transmission lines associated with the Generation Resource Plan and establish an expedited SCPSC review and approval process for the siting of such transmission lines.

6) Valuation of property of SCP&L

The Enabling Legislation will direct that the acquired electric assets be recorded in the books and records of SCP&L at historical cost for ratemaking purposes, together with the costs of the approved investment in the Generation Resource Plan and associated facilities and transmission lines and upgrades, and will form the going-forward basis for ratemaking purposes following the expiration of the Rate Freeze Period.

The Enabling Legislation will confirm that purchased assets and assumed liabilities reflected on SCP&L's balance sheet at the Closing Date are deemed used and useful, prudent and will be eligible for recovery in the normal course of rate setting following the Rate Freeze Period, and that future expenses reflected in SCP&L's prospective income statement arising from conduct, plans, commitments or decisions of Santee Cooper prior to the Closing Date will be eligible for recovery by SCP&L in the normal course of rate setting following the Rate Freeze Period, including capital costs and expenses incurred associated with coal ash remediation.

7) Establishment of initial retail rates and charges of SCP&L

The Enabling Legislation will approve and direct SCP&L to provide current and former wholesale and retail customers, an aggregate customer refund totaling \$541 million, which refund shall be proportionately allocated among all current and former Santee Cooper's residential, commercial, industrial and wholesale customers based on annual sales volumes, to the extent that, based on Santee Cooper's available customer records, such class of customers paid utility bills based on rates that included costs associated with pre-construction and other pre-operational costs associated with the V.C. Summer Nuclear Reactor Unit 2 and 3 Project. The Enabling Legislation will also approve and direct SCP&L to provide current wholesale and retail customers, an aggregate customer refund totaling \$400 million, which refund shall be proportionately allocated among all existing residential, commercial, industrial and wholesale customers based on annual sales volumes at the time of the refund.

The Enabling Legislation will approve a 48-month retail rate freeze effective for billing periods beginning ninety (90) days after the Closing Date ("Rate Freeze Period"). Rates and charges during the Rate Freeze Period for retail customers will be established as Santee Cooper's existing rates as imposed on October 1, 2019, subject to the following adjustments to be applied through the Fuel Adjustment Clause:

(a) During the Rate Freeze Period, the rates for SCP&L's Fuel Adjustment Clause will be initially set consistent with Exhibit 6.

(b) SCP&L's Fuel Adjustment Clause will then be adjusted, positive or negative, to: (i) reflect changes in interest rates between January 27, 2020 and the date the APA is executed; (ii) reflect the difference in the monthly forward curve for natural gas between January 27, 2020 and the Closing Date; and (iii) reflect changes in the coal price and costs for physical delivery, including transportation, of coal between January 27, 2020 and the Closing Date; and (iv) and an increase of \$0.35 MWh for every 1% loss in total system load attributable to non-Central wholesale customers that leave Santee Cooper's system on or before the Closing Date and do not become customers of SCP&L.

(c) The Fuel Adjustment Clause, as adjusted, will be proportionate among the various classes of users and services to the rates and charges therefor being imposed by Santee Cooper on October 1, 2019.

(d) The Fuel Adjustment Clause, as adjusted, will remain at the adjusted level until base rates are reset following the expiration of the Rate Freeze Period.

In the Omnibus Initial Proceeding, SCP&L will file with the SCPSC its initial schedule for rates, service rules and regulations and service contracts to be implemented during the Rate Freeze Period, referenced above. The terms of electric service provided and the computation of the rates charged to retail customers during the Rate Freeze Period shall be affirmed and authorized by the SCPSC in the Omnibus Initial Proceeding.

The ability to defer certain costs is an essential predicate to the proposed rate freeze. The Enabling Legislation will provide that SCP&L may establish one or more regulatory assets during the Rate Freeze for the purpose of deferring for future recovery cost increases that are outside of its control related to: (a) gypsum contracts, increases in forecasted amounts; (b) significant events leading to state emergency declarations, including storms, sabotage, or other attacks; (c) significant cyber security or cyber events; (d) retirement or dismantling of the Cross and Winyah units; or (e) changes in laws or regulations, including standards or management of coal combustion residue. As an essential element to enabling the Rate Freeze Period and the other significant benefits of the Generation Resource Plan and NextEra Energy's bid as a whole, any such deferrals would be deemed appropriately made, and will be eligible for recovery in the rates and charges to be set following the expiration of the Rate Freeze Period, subject only to an assessment of

reasonableness by the SCPSC in the normal course of its rate setting following the Rate Freeze Period as to the amount of particular expenditures or charges, but not as to the decision to defer such costs.

The Enabling Legislation will provide SCP&L with authority, but not the obligation, to recover through a rider costs related to storm losses, changes in tax rates, changes in laws or regulations incurred during or after the Rate Freeze Period. As an essential element to enabling the Rate Freeze Period and the other significant benefits of the Generation Resource Plan and NextEra Energy's bid as a whole, any such costs shall be eligible for recovery through a rider, subject only to an assessment of reasonableness as to the amount of particular expenditures or charges.

#### 8) Accounting Order

The Enabling Legislation will direct the SCPSC to issue an accounting order in the Omnibus Initial Proceeding that:

Implements a Return on Equity of 10.2 percent and a capital structure of 52.2 percent equity for SCP&L for all retail regulatory and ratemaking purposes, including the computation of Allowance for Funds Used During Construction, until SCP&L's new schedule of rates and charges are established following the expiration of the Rate Freeze Period.

Confirms that Santee Cooper's existing depreciation study and resulting rates shall be superseded by a new depreciation study filed by SCP&L and approved by the SCPSC with depreciation rates consistent with the Generation Resource Plan and SCP&L's operational strategies, subject to the following:

For coal facilities retired during the Rate Freeze Period, the unrecovered net book value will be deferred as a regulatory asset and will earn a return until fully amortized over 30 years, such amortization and recovery to begin at the time new rates are set after the Rate Freeze Period; and

The new depreciation study will include support for a non-cash "flexible" credit associated with regulatory liabilities and/or depreciation surplus of approximately \$350 million, which the SCPSC shall approve to be available to be utilized by the SCP&L at its discretion until new rates are set after the Rate Freeze Period.

Provides that SCP&L may, at its discretion, propose optional new services or new tariff options, subject to SCPSC review and approval, that will be available to its customers on a voluntary basis during the Rate Freeze Period. SCP&L would have the right, but not the obligation, to implement new tariff or service requirements during the Rate Freeze Period.

Confirms that SCP&L's rates established following the Rate Freeze Period shall include as used and useful and prudently incurred investment in rate base (i) the net book value of all assets acquired from Santee Cooper, (ii) SCP&L's approved investment in the Generation Resource Plan and associated facilities and transmission lines and upgrades, subject to certain limitations on cost recovery as prescribed in the Enabling Legislation, and (iii) purchased assets and assumed liabilities reflected on SCP&L's balance sheet upon closing and expenses reflected in its prospective income statement arising from conduct, plans, commitments or decisions of Santee Cooper prior to the Closing Date.

Following the Rate Freeze Period, prospective retail rates will be subject to customary review and determination by the SCPSC in accordance with general principles of utility ratemaking and subject to applicable regulatory jurisdiction.

9) SCP&L shall make certain payments in lieu of taxes

For purposes of ad valorem property taxes, the Enabling Legislation will provide that:

For any tax year beginning during the thirty (30) years following the Closing Date ("Exemption Period"), SCP&L shall pay annually a fee in lieu of ad valorem property taxes on the acquired assets in an amount equivalent to the aggregate payments made by Santee Cooper in lieu of ad valorem property taxes on the acquired assets pursuant to S.C. Code of Laws §§ 58-31-80, 58-31-90 and 58-31-100 with respect to fiscal year 2019, subject to the following:

Such fee shall be apportioned among and paid to the various counties, school districts, municipalities and other political subdivisions of the State in the same manner and proportion as the 2019 fee was paid by Santee Cooper.

Subject to payment of the fee provided above, SCP&L shall be exempt from all ad valorem property taxes on the acquired assets during the Exemption Period.

The amount of such fee shall not be revised upon a disposition or retirement of any of the acquired assets or upon the repair of or maintenance to, replacements of components within or additions of components to any facility that is part of the acquired assets during the Exemption Period.

At the end of the Exemption Period, SCP&L shall pay ad valorem taxes with respect to the acquired assets to the jurisdictions in which the acquired assets are taxable, and the necessity of such payments shall be taken into account by the SCPSC in approving SCP&L's schedule of rates and charges to be imposed thereafter.

With the exception of repairs, maintenance and replacement of the acquired assets during the Exemption Period, NEE will pay property taxes or fees in lieu of taxes on any new assets placed in service post-closing.

For purposes of other (non-property) taxes, the Enabling Legislation will provide that:

During the Rate Freeze Period, SCP&L shall pay annually a fee to the State of South Carolina in an amount equivalent to the aggregate payments made by Santee Cooper to the State in 2019 pursuant to S.C. Code of Laws § 58-31-110, subject to the following:

Subject to payment of the fee provided above, during the Rate Freeze Period, neither the State, a local government, municipality, school district, nor any other political subdivision thereof may impose on SCP&L any form of State or local political subdivision taxes or charges other than the ad valorem property taxes or fees in lieu thereof, whether income taxes, new or increased franchise taxes, sales taxes, transfer taxes, excise taxes, impact fees, license fees, electric power tax, deed recording fees or otherwise.

While SCP&L is exempt from state corporate income taxes or charges during the Rate Freeze Period, state net operating losses will accrue and be available to SCP&L as if SCP&L was not exempt from state corporate income tax and filed state corporate income tax returns during the Rate Freeze Period.

At the end of the Rate Freeze Period, SCP&L shall be subject to all applicable taxes, fees and charges (other than ad valorem property taxes, which are subject to tax as discussed above) in the year new rates take effect after the expiration of the Rate Freeze Period and shall be permitted to recover such taxes, fees or charges through new rates.

The transfer of the acquired assets pursuant to the APA shall be exempt from state, county, city and political subdivision sales, use, transfer, excise, deed recording or similar taxes, charges or fees.

#### 10) Financing Orders and Securitization

The Enabling Legislation will authorize a cumulative amount of at approximately \$1.325 billion in securitization costs. The securitization costs will be financed through two securitization transactions, which, pursuant to the Enabling Legislation, will be allocated between CEU Customers and R&M Customers, as defined in the Enabling Legislation, based on the historical three (3) year average of annual sales volumes of each set of customers subject to securitization charges.

The Enabling Legislation will direct the SCPSC to issue Financing Order(s) authorizing: (i) the recovery of the securitized costs consistent with the terms of the Enabling Legislation and the form of the Financing Orders included with the APA; (ii) the allocation of securitized costs among customers; (iii) an adjustment mechanism to be used to adjust the securitization charge; and (iv) any servicing arrangements and ancillary agreements necessary for the timely payment of the securitization bonds.

To ensure that a securitization financing can be obtained on market terms, the Enabling Legislation will provide the SCPSC with jurisdiction to authorize the imposition and collection of a non-bypassable charge upon the end-use customers served directly or indirectly by Santee Cooper or Central. The Enabling Legislation will clarify that, with respect to the (indirect) end-use customers of Central, SCPSC jurisdiction is limited exclusively for this purpose and only for the duration of the securitization obligation.

#### Execution of the Central PPA and Related Agreements

NextEra Energy's proposal is conditioned on Central agreeing to a new, long-term PPA. Such agreement would be executed by the parties concurrently with the execution of the APA, but service would not commence until the closing of the transaction. The current Power Supply Coordination and Integration Agreement between Santee Cooper and Central (the "Coordination Agreement") bundled together different services: sales of energy and power, wholesale transmission service and joint planning and dispatch of generation and transmission assets. FERC requires unbundling of these services, so each of these purposes will continue to be fulfilled but in a new series of unbundled contractual arrangements that conform with federal legal and regulatory requirements described further below.

With regard to the sale of power, the newly negotiated bi-lateral Full Requirements Power Supply contract between SCP&L, as Seller, and Central, as Buyer, would provide for a 4-year rate freeze that would run from 48 months from the Closing Date, after which charges will be based on a Cost-of-Service Formula Rate consistent with FERC's well-established ratemaking policies. The proposed initial term of the agreement would run from closing through December 31, 2058, with 10-year prior written notice being required if either party does not want to extend the term beyond 2058 or beyond the end of any subsequent 35-year extension term. Central will be entitled to self-supply electric capacity and energy available under the SEPA entitlement, from existing resources currently owned by its members (to serve native load), from certain future resources (subject to limitations) and from required Qualifying Facilities (with avoided cost set at Seller's avoided cost for generation) in each case consistent with the terms of the existing Coordination Agreement. Central will be responsible for arranging and paying for transmission service to transmit the Full Requirements Power Supply by procuring such service, as necessary, under the new OATT. Finally, an operating committee consisting of two representatives each from SCP&L and Central will facilitate coordination and interaction between themselves, and SCP&L will consult with Central on the development of resource and generation plans.

Several provisions in the Coordination Agreement will no longer be needed due to the full requirements nature of the bi-lateral Power Supply Contract NextEra Energy is proposing to negotiate with Central.

#### Summary of Federal Regulatory Approvals to Implement the Proposed Purchase

The acquisition of Santee Cooper's electric utility assets by a new investor-owned utility will create a new public utility that will become subject, upon closing, to FERC regulation under Part II of the Federal Power Act ("FPA"). While the number of FERC approvals is numerous, NextEra Energy has deep experience in this area and believes that all of the required approvals are feasible and achievable. FERC approvals currently contemplated are:

- 1) FPA Section 203 Transaction Authorization to acquire Santee Cooper's generation and FERC-jurisdictional transmission facilities

NextEra Energy as purchaser would be the lone applicant, as Santee Cooper does not need FERC permission to sell. To authorize a transaction, FERC must find that it is in the public interest by considering three factors: (1) the effect on competition; (2) the impact on rates; and (3) the effect on regulation. FERC must also find the transaction will not result in improper cross-subsidization. FERC will closely examine the details of the transaction, but NextEra Energy does not see any impediments to FERC 203 authorization, and does not anticipate that any mitigation of horizontal market power will be required. FERC must act on section 203 filings within 180 days.

- 2) FPA Section 205 Approval of new Power Purchase Agreement between Central and SCP&L

To accept for filing a new wholesale rate for power supply, FERC must find that it is just and reasonable and not unduly discriminatory. FERC must act on section 205 filings within 60 days, except in cases where the applicant seeks an effective date that is more than 60 days in the future. In this case, the effective date requested would be commensurate with the closing of the transaction, and we would expect FERC to act on the PPA filing and the other section 205 filings listed below at the same time it acts on the section 203 application.

- 3) FPA Section 205 Approval of Other Wholesale Power Supply Contracts

SCP&L must put on file with FERC any wholesale power supply contracts that are entered into, assigned or amended as part of the transaction, including Santee Cooper's wholesale power supply contracts with the City of Bamberg, City of Georgetown, City of Seneca, Town of Waynesville, AMEA and PMPA.

- 4) FPA Section 205 OATT and Transmission Service Agreements Approval

FERC review of OATT and Transmission Service Agreements Approval will be subject to the just and reasonable standard. Santee Cooper's existing reciprocity OATT is nearly identical to FERC's pro forma and is already on file with FERC. However, FERC often sets OATT filings for hearing and settlement judge proceedings. Separate section 205 filings will be made for approval of network service agreements with Central and other wholesale customers, but such filings are unlikely to be set for hearing.

- 5) FPA Section 205 Transmission Interconnection / Interchange Agreements with Central and Other Transmission Owners connected to Santee Cooper's system

FERC review of Transmission Interconnection / Interchange Agreements with Central and Other Transmission Owners connected to Santee Cooper's system will be subject to the just and reasonable standard. FERC approval of operational transmission interconnection agreements with interchange schedules like the one contemplated here is normally routine.

6) FERC Approval of Hydro License Transfer for Project No. 199 Under Part I of FPA

To approve a license transfer, FERC must find that the transferee is qualified to hold the license and operate the project.

7) FPA Section 205 Market-Based Rate Tariff

SCP&L will establish a market-based rate tariff to allow for sales of energy and capacity at market-based rates in geographic markets where SCP&L is found not to have market power. It is not expected that SCP&L will be granted market-based rate authority in the SCP&L balancing authority area. However, obtaining market-based rate authority in the SCP&L balancing authority area is not a condition precedent to the closing, and the above-referenced PPAs will be cost-justified at FERC. FERC review of SCP&L's market-based rate tariff will be subject to the just and reasonable standard.

8) FPA Section 205 Cost-Based Tariff for Santee Cooper Balancing Authority Area

Prior to or shortly after closing, NextEra Energy will move to establish a cost-based tariff to facilitate short term and non-firm sales of capacity and energy within the SCP&L balancing authority area where, as discussed above, SCP&L is not expected to have market-based rate authority. FERC review of cost-based tariff for Santee Cooper BAA will be subject to the just and reasonable standard.

**Exhibit 4: Bond Attorney Opinion**

The Hogan Lovells US LLP public finance practice is national in scope. The experience and techniques of the firm's public finance group has been acquired during the course of a practice that has involved the issuance of a full range of municipal obligations, including general obligation bonds, revenue bonds, lease purchase certificates of participation and tax and revenue anticipation notes to finance public facilities such as airports, highways, electric utilities, educational facilities, water systems, affordable housing, solid waste disposal facilities and hospitals. Lawyers in the firm's public finance group have participated in the issuance of billions of dollars of tax-exempt obligations, serving as bond counsel, special tax counsel, underwriters' counsel, issuer's counsel, disclosure counsel, borrower's counsel and trustee's counsel. Hogan Lovells US LLP is listed within the category "Municipal Bond Attorneys" of The Bond Buyer's Municipal Marketplace (Red Book).

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\_\_\_\_\_, 2020

South Carolina Public Service Authority  
[address]

**Re: Defeasance of Indebtedness**

Dear Ladies and Gentlemen:

This firm has acted as counsel to [●] ("**Buyer**") in connection with APA dated as of \_\_\_\_\_, 2020 (the "**APA**"), by and between the South Carolina Public Service Authority ("**Seller**") and Buyer. [This opinion is being furnished to you pursuant to Section \_\_\_\_ of the APA.]

In connection with the preparation of this opinion, we have examined and with your consent relied upon (without any independent investigation or review thereof) the following documents (collectively, the "**Transaction Documents**");

- (a) the APA;
- (b) a resolution adopted by the Board of Directors (the "**Board**") of the Seller on April 26, 1999 entitled "Resolution of the Board of Directors of South Carolina Public Service Authority Establishing the General Terms and Conditions Upon Which Its Revenue Obligations May Be Issued for Corporate Purposes of the Authority" (the "**Original Revenue Obligation Resolution**");
- (c) supplemental resolutions adopted by the Board of the Seller from time to time authorizing the issuance of obligations under the Original Revenue Obligation Resolution and otherwise amending the Original Revenue Obligation Resolution (the "**Supplemental Revenue Obligation Resolutions**" and, together with the Original Revenue Obligation Resolution, the "**Revenue Obligation Resolution**");
- (d) a resolution adopted by the Board of the Seller on August 23, 2010 (as supplemented, amended or restated from time to time) entitled "Amended and Restated Resolution of the Board of Directors of South Carolina Public Service Authority Authorizing the Issuance of Revenue Promissory Notes of the Authority; Authorizing the Issuance of Revolving Credit Notes in Connection Therewith; Prescribing the Form of the Notes and the Revolving Credit Notes; Authorizing the Issuance of Alternate Variable Rate Financing Obligations of the Authority; and Making Certain Other Covenants and Agreements with Respect Thereto" (the "**Note Resolution**");
- (e) Opinions of the Seller's bond counsel rendered in connection with the issuance of the hereinafter defined Outstanding Obligations (the "**Bond Counsel Opinions**"); and
- (f) Tax Certificates executed by the Seller in connection with the issuance of the Outstanding Obligations (the "**Tax Certificates**").

Capitalized terms used herein and not otherwise defined shall have their respective meanings as set forth in (or referenced in) the APA.

#### The Transaction

Based solely upon our review of the Transaction Documents, and upon such information as you have provided to us (which we have not attempted to verify in any respect), and in reliance upon such documents and information, we understand that the Transaction and the relevant facts with respect thereto are as follows:

Pursuant to the APA, the Buyer will purchase of the Seller's utility assets for an amount of cash equal to the Purchase Price. There are currently outstanding obligations of the Seller issued under the Revenue Obligation Resolution and the Note Resolution, which outstanding obligations are listed in Exhibit A attached hereto (the "**Outstanding Obligations**").

Under Section 3.2 of the APA, the Debt Release Consideration will be (i) used to immediately repay those Outstanding Obligations which are eligible for immediate prepayment or redemption in accordance with their terms, or (ii) irrevocably deposited in trust under one or more escrow deposit agreements (collectively, the "**Escrow Agreement**") and used to purchase certain eligible investments as described below in the section captioned "Assumptions and Representations" which eligible investments will mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay all interest, principal and redemption premium on the remaining Outstanding Obligations as such interest and principal come due to and including the maturity date or, if earlier, the earliest optional redemption date. The Seller will make provision for all required notices of redemption with respect to the Outstanding Obligations in accordance with the Revenue Obligation Resolution and the Note Resolution.

#### Assumptions and Representations

In rendering the opinions in this letter, we have relied (with your consent, and without any independent investigation or verification thereof) upon the following assumptions or representations which you have made to us:

1. The Bond Counsel Opinions were correct when issued and continue to be correct;
2. The representations and certifications by the Seller in the Tax Certificates were correct when executed;
3. Upon Closing of the Transaction, funds will be (i) used to immediately repay those Outstanding Obligations which are eligible for immediate prepayment or redemption in accordance with their terms, or (ii) irrevocably deposited in trust under the Escrow Agreement and used to purchase certain eligible investments (consisting of "Permitted Investments" as defined under the Revenue Obligation Resolution for investments funding repayment of Outstanding Obligations issued under the Revenue Obligation Resolution, and "Defeasance Obligations" as defined under the Note Resolution for investments funding repayment of Outstanding Obligations issued under the Note Resolution) which eligible investments will mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay all interest, principal and redemption premium on the remaining Outstanding Obligations as such interest and principal come due to and including the maturity date or, if earlier, the earliest optional redemption date, all in accordance with Article XIII of the Revenue Obligation Resolution and Section 18 of the Note Resolution, as applicable;
4. A report of an independent accountant will be obtained verifying that the cash and eligible investments to be placed in escrow under the Escrow Agreement will produce the amounts necessary to provide for the timely payment of the debt service payments on the Outstanding Obligations to be paid therefrom, and that the yield on the

investments placed in escrow under the Escrow Agreement will not exceed the yield on the Outstanding Obligations to which such eligible investments are allocable in accordance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations promulgated thereunder;

5. The Seller will provide timely notice of the establishment of the escrow under the Escrow Agreement to the Internal Revenue Service in accordance with Section 1.141-12(d)(4) of the Treasury Regulations.

#### Opinion

Based upon and subject to the assumptions and qualifications set forth herein, it is our opinion that the redemption or defeasance of the Outstanding Obligations pursuant to the Transaction (i) will not violate the Revenue Obligation Resolution or the Note Resolution, and (ii) other than discharging and satisfying the obligations of the Seller under the Revenue Obligation Resolution and the Note Resolution, will not otherwise impact the State of South Carolina.

In addition to the assumptions set forth above, this opinion is subject to the exceptions, limitations and qualifications set forth below:

1. This opinion represents and is based upon our best judgment regarding the application of the Revenue Obligation Resolution, the Note Resolution, relevant current provisions of the Code, and interpretations of the foregoing Code provisions as expressed in existing court decisions, administrative determinations and published rulings and procedures all as of the date hereof. An opinion of counsel merely represents counsel's best judgment with respect to the probable outcome on the merits and is not binding on the courts or the Internal Revenue Service (the "IRS"). There can be no assurance that a court considering the issues would not hold contrary to such opinions or that positions contrary to our opinions will not be taken by the IRS. Furthermore, no assurance can be given that future legislative, judicial or administrative changes, on either a prospective or retroactive basis, would not adversely affect the accuracy of the opinion expressed herein. Nevertheless, we undertake no responsibility to advise you of any new developments in the law or in the application or interpretation of the law.
2. This letter is issued as of the date hereof and addresses only the specific opinions set forth above, and we assume no obligation to (i) monitor or advise you or any other person of any changes in the foregoing subsequent to the date hereof; (ii) update, revise, supplement or withdraw this opinion to reflect any facts or circumstances that may hereafter come to our attention, or changes in law, regulation or governmental agency guidance, or the interpretation of any of the foregoing, that may hereafter occur, or for any other reason whatsoever; or (iii) review any other legal matters incident to this or any other transaction.
3. Our opinion set forth herein is based upon the description of the contemplated transactions as set forth above in the section captioned "The Transaction" and in the Transaction Documents and the assumptions and representations set forth in the section captioned "Assumptions and Representations." If the actual facts relating to any aspect of the transactions differ from this description in any material respect, our opinion may become inapplicable. No opinion is expressed as to any transaction other than those set forth in the section captioned "The Transaction" and the Transaction Documents.

4. This opinion letter has been prepared solely for your use and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

\* \* \* \*

Sincerely,

Hogan Lovells US LLP

**Exhibit 5: List of Referenced Documents**

The following is a list of documents referenced in this proposal cover letter that were submitted via email to Moelis & Company LLC:

- Appendix A – Legislative Requirements Appendix
- Asset Purchase Agreement – Clean
- Asset Purchase Agreement – Redline
- Boyette Impact Evaluation & Analysis Report
- Central Power Purchase Agreement Markup
- E3 Model – 2020.01.21\_Santee Cooper Revenue Requirement Model\_v7\_NEE Inputs \_Purchase Case
- Proposed Enabling Legislation – Sale Proposal
- Section 2(A)(14) Regulatory Filings Submission

**Exhibit 6: Rate Freeze Period Initial Rates and Revenues**

During the proposed 4-year rate freeze, SCP&L's base retail rates will be identical to those reflected in Santee Cooper's existing retail tariff schedule as of October 2019.<sup>66</sup> During the rate freeze period, the Fuel Adjustment, Demand Sales Adjustment, and Economic Development Sales Adjustment will be as set forth in the table below. The Securitization Adjustment shall be set and trued up periodically in accordance with the R&M Financing Order.

Rate Schedule	Customer Class	Fuel Adjustment	Demand Sales Adjustment		Economic Development Sales Adjustment		Securitization Charge
		\$/kWh	\$/kW-month	\$/kWh	\$/kW-month	\$/kWh	\$/kWh
<b>Schedule RG, RT, GA, GB, GV, GT, GL, TP, TA, TL, MS, OL</b>	Residential, Commercial	-\$0.01199		-\$0.00296		-\$0.00074	\$0.00365
<b>Schedule L-17</b>	Industrial	-\$0.01197	-\$0.80		-\$0.17		\$0.00365
<b>Schedule L-17-I</b>	Industrial	-\$0.01197	\$0.41		-\$0.17		\$0.00365
<b>Schedule L-17-EP-O</b>	Industrial	-\$0.01197	NA		NA		NA

Central's demand and energy charges will be frozen for a 4-year period according to the following schedule.

Customer	Demand Charge	Transmission <sup>67</sup> Charge	Variable O&M Charge	Fuel Charge
	\$/kW-month	\$/kW-month	\$/kWh	\$/kWh
<b>Central</b>	\$16.56	\$1.83	\$0.00489	\$0.02538

The cities of Bamberg and Georgetown are served under contracts that reference the Santee Cooper's ML rate schedule. Santee Cooper's ML-17 rate schedule will be canceled and Bamberg and Georgetown will pay rates stipulated in their FERC-approved purchase power agreements. Georgetown & Bamberg's base and fuel rates will be frozen for a 4-year period according to the following schedule.

<sup>66</sup> Available on Santee Cooper's website at <https://www.santeecooper.com/My-Account/Rates/Index.aspx>

<sup>67</sup> This transmission charge is not charged under the PPA but rather a separate service agreement under the OATT; it is based on Santee Cooper's current OATT rate for transmission service, including the Scheduling Charge. NextEra is evaluating its ability to cost support these charges.

Customer	Customer Charge \$	Demand Charge \$/kW-month	Interruptible Demand Charge \$/kW-month	Transmission Charge <sup>68</sup> \$/kW-month	Variable O&M Charge \$/kWh	Fuel Charge \$/kWh
<b>Bamberg &amp; Georgetown</b>	\$1,500	\$15.68	\$11.50	\$1.83	\$0.00519	\$0.02174

In addition to the schedules above, Central, Bamberg and Georgetown will be billed a securitization charge pursuant to the Financing Orders, estimated to be \$0.00365 per kWh.

SCP&L will plan to serve Santee Cooper's off-system wholesale power customers under a structure which provides comparable benefits to the existing contracts. Off-system customer rates will not be frozen unless such a freeze is separately negotiated from this bid.

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<sup>68</sup> This transmission charge is not charged under the PPA but rather a separate service agreement under the OATT; it is based on Santee Cooper's current OATT rate for transmission service, including the Scheduling Charge

## Exhibit 7: Rate Freeze Adjustment Mechanisms

By putting a four-year rate freeze in place, this proposal significantly reduces the risk to ratepayers during the rate freeze period. Upon reaching closing, rates will be fixed for this period with limited uncertainty for customers.

Because of the extended time period between submission of this bid, signing and closing of the transaction, there are limited, specific rate adjustments that will be required related to natural gas prices, delivered coal costs and utility interest rates. At the time of execution of the definitive APA, NextEra expects to eliminate uncertainty for customers due to interest rates. At the time of closing, we will eliminate the fuel cost risk to customers during the rate freeze period. The mechanism for these adjustments is defined here.

### Natural Gas Price Adjustment

The rates outlined in the cover letter are based upon coal and gas commodity prices as of January 27, 2020. Commodity price fluctuations introduce risk for both NextEra and ratepayers; this risk will typically be managed by entering advantageous forward contracts for fuel delivery. However, the period of time between the submission of this bid and closing introduces commodity price risk that cannot be efficiently hedged by NextEra.

The risk associated with natural gas price fluctuations between bid and closing will be managed through an adjustment mechanism which will account for the changes in forward gas prices between bid submission and closing. The formula for this adjustment mechanism will be based upon modeled gas consumption volumes and publicly traded NYMEX Henry Hub gas forward contracts.

This formula defines the overall average fuel surcharge adjustment across applicable tariff schedules.

The gas fuel surcharge, in cents per kilowatt-hour, shall be calculated as follows:

$$\Delta r_g = \frac{(\sum_{n \in N} f_n'' g_n - \sum_{n \in N} f_n' g_n) \cdot 100}{\sum_{n \in N} s_n}$$

Where:

$n \in N$  where  $N$  is the first full 48 calendar months following closing

$s_n$  = forecast total system electricity sales in month  $n$  in kWh

$f_n'$  = monthly forward curve NYMEX Henry Hub gas price in month  $n$  as of 1/27/2020 in \$/MMbtu<sup>69</sup>

$f_n''$  = monthly forward NYMEX Henry Hub gas price in month  $n$  as of closing date in \$/MMbtu

$g_n$  = projected generation gas consumption in month  $n$  in MMbtu

$\Delta r_g$  = fuel surcharge adjustment assessed across rate freeze period in ¢/kWh

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<sup>69</sup> CME Group, Henry Hub Natural Gas Futures Settlements as of January 27, 2020

An illustrative calculation has been provided in the table below:

	2021	2022	2023	2024	Total
Bid gas prices (\$/MMbtu)	2.35	2.38	2.43	2.47	
+5% change in gas prices (\$/MMbtu)	0.12	0.12	0.12	0.12	
Natural gas volume (MMbtu)	118,365,239	122,539,729	120,955,841	125,345,379	
Change in total fuel cost (\$)	13,907,916	14,582,228	14,696,135	15,480,154	<b>58,666,432</b> ( $\Delta R_{avg} * 4$ )
Energy sales forecast (kWh)	$2.44 \times 10^{10}$	$2.46 \times 10^{10}$	$2.48 \times 10^{10}$	$2.48 \times 10^{10}$	$9.86 \times 10^{10}$
Average fuel surcharge adjustment (¢/kWh)	0.059	0.059	0.059	0.059	<b>0.059</b> ( $\Delta r_g$ )

The set of baseline forward gas prices (the elements  $f_n^i$ ) as of January 27, 2020 are provided in the table below. Note that  $n = 1$  will be the first full calendar month following closing (i.e. if the transaction closed on 1/15/2021, month  $n = 1$  would be February 2021).

Month	Henry Hub Forward Settlement Price as of 1/27/2020 (\$ per MMbtu)
Jan 2021	2.567
Feb 2021	2.532
Mar 2021	2.433
Apr 2021	2.217
May 2021	2.198
Jun 2021	2.236
Jul 2021	2.274
Aug 2021	2.280
Sep 2021	2.265
Oct 2021	2.287
Nov 2021	2.352

Dec 2021	2.523
Jan 2022	2.638
Feb 2022	2.606
Mar 2022	2.477
Apr 2022	2.232
May 2022	2.207
Jun 2022	2.250
Jul 2022	2.296
Aug 2022	2.306
Sep 2022	2.296
Oct 2022	2.321
Nov 2022	2.389
Dec 2022	2.559
Jan 2023	2.683
Feb 2023	2.643
Mar 2023	2.516
Apr 2023	2.266
May 2023	2.253
Jun 2023	2.295
Jul 2023	2.338
Aug 2023	2.354
Sep 2023	2.348
Oct 2023	2.378
Nov 2023	2.452
Dec 2023	2.631
Jan 2024	2.755
Feb 2024	2.719
Mar 2024	2.594
Apr 2024	2.334
May 2024	2.314
Jun 2024	2.344
Jul 2024	2.374
Aug 2024	2.382
Sep 2024	2.375

Oct 2024	2.398
Nov 2024	2.460
Dec 2024	2.640
Jan 2025	2.761
Feb 2025	2.731
Mar 2025	2.618
Apr 2025	2.358
May 2025	2.346
Jun 2025	2.376
Jul 2025	2.408
Aug 2025	2.415
Sep 2025	2.409
Oct 2025	2.433
Nov 2025	2.495
Dec 2025	2.657

The set of modeled monthly gas consumption volumes (the elements  $g_n$ ) by month are provided in the table below.

Month	Modeled Generation Gas Consumption (MMbtu)
Jan 2021	6,074,433
Feb 2021	6,979,927
Mar 2021	8,890,470
Apr 2021	10,655,632
May 2021	10,961,964
Jun 2021	10,873,395
Jul 2021	10,802,870
Aug 2021	10,923,541
Sep 2021	10,740,314
Oct 2021	11,582,024
Nov 2021	11,537,265
Dec 2021	8,343,405
Jan 2022	6,357,788
Feb 2022	7,269,598
Mar 2022	10,329,456

Apr 2022	10,824,279
May 2022	11,353,493
Jun 2022	10,820,918
Jul 2022	11,711,491
Aug 2022	11,524,838
Sep 2022	10,780,628
Oct 2022	11,244,010
Nov 2022	10,973,950
Dec 2022	9,349,279
Jan 2023	8,722,736
Feb 2023	6,963,401
Mar 2023	8,999,179
Apr 2023	10,528,833
May 2023	11,355,157
Jun 2023	11,292,349
Jul 2023	11,700,940
Aug 2023	11,164,466
Sep 2023	9,542,443
Oct 2023	9,748,218
Nov 2023	9,919,459
Dec 2023	11,018,660
Jan 2024	9,563,145
Feb 2024	7,952,706
Mar 2024	9,180,684
Apr 2024	7,787,169
May 2024	9,823,503
Jun 2024	12,508,617
Jul 2024	13,855,951
Aug 2024	13,130,826
Sep 2024	11,510,553
Oct 2024	10,196,380
Nov 2024	10,526,717
Dec 2024	9,309,127
Jan 2025	10,026,962
Feb 2025	8,822,122

Mar 2025	9,972,604
Apr 2025	9,323,929
May 2025	10,430,721
Jun 2025	12,352,515
Jul 2025	13,763,156
Aug 2025	13,114,838
Sep 2025	11,062,674
Oct 2025	9,787,542
Nov 2025	9,973,352
Dec 2025	6,769,012

### Coal Price Adjustment

Upon transaction close, NextEra intends to extend the physical coal purchase contracts and associated rail transport agreements held by Santee Cooper to cover its projected coal burn through the rate freeze period.

However, coal price fluctuations and associated delivery cost fluctuations between bid submission and closing may significantly alter projected costs of generation. The risk associated with these price fluctuations will be managed through an adjustment mechanism which will account for the difference between estimated coal costs provided by the seller during the bid process and the forward contracted cost of delivered coal at closing.

This formula defines the overall average fuel surcharge adjustment across applicable tariff schedules.

The coal fuel surcharge, in cents per kilowatt-hour, shall be calculated as follows:

$$\Delta r_c = \frac{(\sum_{n \in N} f_n'' c_n - \sum_{n \in N} f_n' c_n) \cdot 100}{\sum_{n \in N} s_n}$$

Where:

$n \in N$  where  $N$  is the first full 48 calendar months following closing

$s_n$  = forecast total system electricity sales in month  $n$  in kWh

$f_n'$  = modeled monthly weighted average delivered coal price in month  $n$  as of bid submission in \$/MMbtu

$f_n''$  = monthly weighted average delivered coal price, as contracted at close, in month  $n$  as of closing in \$/MMbtu

$c_n$  = modeled coal purchases in month  $n$  required to replenish burned coal in month  $n$

$\Delta r_c$  = average fuel surcharge adjustment assessed across rate freeze period in ¢/kWh

An illustrative calculation has been provided in the table below:

	2021	2022	2023	2024	Total
Bid coal prices (\$/MMbtu)	3.16	3.11	3.15	3.23	
+5% change in coal prices (\$/MMbtu)	0.16	0.16	0.16	0.16	
Coal volume (MMbtu)	88,012,743	73,800,577	69,541,200	18,571,384	
Change in total fuel cost (\$)	13,906,013	11,457,540	10,959,693	3,001,136	<b>39,324,382</b> ( $\Delta R_{avg} * 4$ )
Energy sales forecast (kWh)	$2.44 \times 10^{10}$	$2.46 \times 10^{10}$	$2.48 \times 10^{10}$	$2.48 \times 10^{10}$	$9.86 \times 10^{10}$
Average fuel surcharge adjustment (¢/kWh)	0.040	0.040	0.040	0.040	<b>0.040</b> ( $\Delta r_g$ )

The set of baseline forward coal prices (the elements  $f'_n$ ) provided in the revenue requirement model and applied in NextEra's dispatch model are provided in the table below.

Year	Department Model Coal Price (\$/MMbtu) <sup>70</sup>
Jan 2021	\$3.160
Feb 2021	\$3.160
Mar 2021	\$3.160
Apr 2021	\$3.160
May 2021	\$3.160
Jun 2021	\$3.160
Jul 2021	\$3.160
Aug 2021	\$3.160
Sep 2021	\$3.160

<sup>70</sup> Coal prices from Santee Cooper revenue requirement model; data room document 12.1.9

Oct 2021	\$3.160
Nov 2021	\$3.160
Dec 2021	\$3.160
Jan 2022	\$3.105
Feb 2022	\$3.105
Mar 2022	\$3.105
Apr 2022	\$3.105
May 2022	\$3.105
Jun 2022	\$3.105
Jul 2022	\$3.105
Aug 2022	\$3.105
Sep 2022	\$3.105
Oct 2022	\$3.105
Nov 2022	\$3.105
Dec 2022	\$3.105
Jan 2023	\$3.152
Feb 2023	\$3.152
Mar 2023	\$3.152
Apr 2023	\$3.152
May 2023	\$3.152
Jun 2023	\$3.152
Jul 2023	\$3.152
Aug 2023	\$3.152
Sep 2023	\$3.152
Oct 2023	\$3.152
Nov 2023	\$3.152
Dec 2023	\$3.152
Jan 2024	\$3.232
Feb 2024	\$3.232
Mar 2024	\$3.232
Apr 2024	\$3.232
May 2024	\$3.232
Jun 2024	\$3.232
Jul 2024	\$3.232
Aug 2024	\$3.232

Sep 2024	\$3.232
Oct 2024	\$3.232
Nov 2024	\$3.232
Dec 2024	\$3.232
Jan 2025	\$3.330
Feb 2025	\$3.330
Mar 2025	\$3.330
Apr 2025	\$3.330
May 2025	\$3.330
Jun 2025	\$3.330
Jul 2025	\$3.330
Aug 2025	\$3.330
Sep 2025	\$3.330
Oct 2025	\$3.330
Nov 2025	\$3.330
Dec 2025	\$3.330

The set of modeled coal consumption volumes (the elements  $c_n$ ) by month are provided in the table below.

Year	Modeled Generation Coal Consumption (MMbtu)
Jan 2021	10,835,564
Feb 2021	10,204,357
Mar 2021	8,653,819
Apr 2021	3,240,775
May 2021	4,581,551
Jun 2021	8,056,495
Jul 2021	9,688,323
Aug 2021	9,176,519
Sep 2021	7,274,119
Oct 2021	5,674,804
Nov 2021	5,259,997
Dec 2021	5,366,420
Jan 2022	9,433,834
Feb 2022	6,916,650

Mar 2022	4,642,266
Apr 2022	3,268,493
May 2022	4,622,358
Jun 2022	6,459,622
Jul 2022	9,864,214
Aug 2022	8,103,177
Sep 2022	5,967,538
Oct 2022	4,425,194
Nov 2022	3,624,699
Dec 2022	6,472,532
Jan 2023	9,709,493
Feb 2023	10,640,317
Mar 2023	3,558,828
Apr 2023	3,261,103
May 2023	4,806,548
Jun 2023	7,715,303
Jul 2023	9,118,858
Aug 2023	7,147,451
Sep 2023	6,745,539
Oct 2023	3,080,218
Nov 2023	3,599,743
Dec 2023	157,799
Jan 2024	5,382,004
Feb 2024	4,525,707
Mar 2024	298,113
Apr 2024	784,545
May 2024	-
Jun 2024	987,790
Jul 2024	2,703,127
Aug 2024	1,672,586
Sep 2024	269,126
Oct 2024	-
Nov 2024	-
Dec 2024	1,948,386
Jan 2025	2,779,926

Feb 2025	804,984
Mar 2025	713,377
Apr 2025	723,970
May 2025	-
Jun 2025	340,710
Jul 2025	2,292,791
Aug 2025	1,070,225
Sep 2025	335,165
Oct 2025	258,359
Nov 2025	-
Dec 2025	5,880,717

### Interest Rate Adjustment

NextEra's proposal assumes the issuance of \$2.7 billion of utility debt at Execution to rebalance Santee Cooper's capitalization following defeasance. NextEra's bid assumes a 10-year U.S. Treasury yield of 1.61 percent, as posted by the U.S. Department of the Treasury on January 27, 2020. The cost of the utility debt noted above will vary between bid submission and close as a function of the fundamental U.S. Treasury yield and the spread between U.S. utility yields and U.S. Treasury yields.

The risk associated with utility interest rate fluctuations between January 27, 2020 and signing will be managed through a rate adjustment mechanism which will account for the changes in 10-year U.S. Treasury yields between January 27, 2020 and signing. The risk associated with fluctuations between signing and close will be borne by NextEra and is not covered by this adjustment. The formula for the rate adjustment is presented below.

This formula defines the overall average fuel surcharge adjustment across applicable tariff schedules.

The utility interest rate fuel surcharge, in cents per kilowatt hour shall be calculated as:

$$\Delta r_i = \frac{D \cdot (r_{t_s} - r_{t_b}) \cdot 4 \cdot 100}{S_f}$$

Where:

$D$  = total utility debt issued  $\cong$  \$2,670 million

$S_f$  = forecast total system electricity sales in the first 48 months following the closing date in kWh

$r_{t_b}$  = 10 – year U.S. Treasury Rate assumed in NextEra's bid = 1.61%<sup>71</sup>

$r_{t_s}$  = 10 – year U.S. Treasury Rate on the signing date

$\Delta r_i$  = average fuel surcharge adjustment assessed across Rate Freeze Period in ¢/kWh

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<sup>71</sup> U.S. Department of Treasury 10-year Treasury Yield Curve, January 27, 2020

February 7, 2020  
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**Exhibit 8: Class Council Settlement Agreement**

# McGowan, Hood & Felder, LLC

Chad A. McGowan (SC,GA,NC)  
S. Randall Hood  
John G. Felder, Jr.  
W. Jones Andrews, Jr.  
Russell T. Burke  
Jordan C. Calloway  
Susan F. Campbell  
Deborah Casey (NC)\*  
Ashley White Creech  
Shawn B. Deery  
Chance M. Farr (SC,NC)  
Julia M. Flumian  
Eve S. Goodstein



Whitney B. Harrison  
Richard A. "Trey" Jones III  
Patrick M. Killen  
Daniel W. Luginbill  
Anna S. Magann  
Robert V. Phillips  
Ranee Saunders (SC)  
James L. Ward, Jr. (SC,NC)  
James Stephen Welch (SC,OK)\*  
Jay F. Wright  
Joseph G. Wright, III\*  
\*Of Counsel

Writer's e-mail: [jward@mccowanhood.com](mailto:jward@mccowanhood.com)

November 25, 2019

Charles Sieving  
Exec VP & General Counsel  
NextEra Energy, Inc.  
700 Universe Blvd  
Juno Beach, FL 33410

**Re: *Cook, et al. v. South Carolina Public Service Authority, Case No. 2019-CP-23-6675—Recommendation to Execute Settlement Agreement if Santee Cooper is Acquired by NextEra Energy, Inc.***

Mr. Sieving:

This letter memorializes the understanding between NextEra Energy, Inc. (“**NextEra**”) and Speights & Solomons, LLC; McGowan Hood & Felder, LLC; McCullough Kahn, LLC; Strom Law Firm, LLC; Richardson Patrick Westbrook & Brickman, LLC; Savage, Royall & Sheheen, L.L.P.; Galvin Law Group, LLC; and Bell Legal Group, LLC (collectively, “**Class Counsel**”), acting in their capacity as court-appointed counsel for Class Representatives Jessica S. Cook and Chris Kolbe (collectively, the “**Class Representatives**”) and the class of individuals and entities they represent (collectively, the “**Class**” or the “**Class Members**”), with respect to the execution of a Settlement Agreement that will settle and resolve all issues and claims that have been, or which could have been, brought against the South Carolina Public Service Authority (“**Santee Cooper**”), the Director Defendants,<sup>1</sup> Central Electric Power Cooperative, Inc., and Palmetto

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<sup>1</sup> The Director Defendants include W. Leighton Lord, III, in his capacity as chairman and director of the South Carolina Public Service Authority; William A. Finn, in his capacity as director of the South Carolina Public Service Authority; Barry Wynn, in his capacity as director of the South Carolina Public Service Authority; Kristofer Clark, in his capacity as director of the South Carolina Public Service Authority; Merrell W. Floyd, in his capacity as director of the South Carolina Public Service Authority; J. Calhoun Land, IV, in his capacity as director of the South Carolina Public Service Authority; Stephen H. Mudge, in

321 Wingo Way, Suite 103, Mt. Pleasant, SC 29464 · Tel: 843-388-7202 Fax: 843-388-3194

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Electric Cooperative, Inc. (collectively, the “**Settling Defendants**”) in the class action styled as *Cook, et al. v. South Carolina Public Service Authority, et al.* pending in Greenville County, South Carolina as Case No. 2019-CP-23-6675 (the “**Litigation**”).<sup>2</sup>

Class Counsel acknowledge and understand that pursuant to the Joint Resolution (A 95, R113, H4287) signed by the Governor on May 22, 2019 (the “Joint Resolution”), the South Carolina Department of Administration (“DOA”) has established a process to conduct a competitive bidding process for the sale of some or all of the Santee Cooper assets and to receive management proposals that do not involve a sale of Santee Cooper but are designed to improve the efficiency and cost effectiveness of Santee Cooper’s electric operations (collectively, the “**Santee Cooper Acquisition Process**”). Class Counsel acknowledge and understand that on or by November 25, 2019, NextEra will submit a proposal pursuant to the Joint Resolution to purchase Santee Cooper through an Asset Purchase Agreement (“**APA**”) in response to the DOA’s Santee Cooper Acquisition Process.

This Litigation against the Settling Defendants commenced in 2017 to recover costs associated with the V.C. Summer 2 & 3 nuclear project. Over the past two years, the parties have engaged in extensive litigation resulting in significant expenses to all parties, including Santee Cooper.

On behalf of the Class Representatives and Class Members, Class Counsel, after devoting thousands of hours to investigation and research, fact and expert discovery, motion practice, and other litigation activities, have negotiated with counsel and representatives of NextEra and have agreed to terms and conditions that, if accepted in connection with NextEra’s response to the DOA’s Santee Cooper Acquisition Process, would settle all issues and claims that have been brought against the Settling Defendants in the Litigation, or which could have been brought, by or on behalf of the Class or by persons who are included in the Class, pursuant to the terms and conditions of a Settlement Agreement in the form attached hereto as Attachment A (the “**Settlement Agreement**”).

Class Counsel hereby confirm, and authorize NextEra to represent to DOA, that they will recommend execution of the Settlement Agreement to the Class Representatives and the Class and use their respective good faith efforts to facilitate the execution of the same if the South Carolina General Assembly approves NextEra as the buyer of the Santee Cooper assets as set forth in the APA and enacts the legislation submitted by NextEra as part of its bid, giving effect to terms and conditions negotiated by Class Counsel with NextEra. The Settlement Agreement also would need

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his capacity as director of the South Carolina Public Service Authority; Peggy H. Pinnell, in her capacity as director of the South Carolina Public Service Authority; Dan J. Ray, in his capacity as director of the South Carolina Public Service Authority; David F. Singleton, in his capacity as director of the South Carolina Public Service Authority; and Jack F. Wolfe, Jr., in his capacity as director of the South Carolina Public Service Authority. Santee Cooper and the Director Defendants are collectively referred to herein as “Santee Cooper”.

<sup>2</sup> The Litigation was removed to the U.S. District Court for the District of South Carolina on November 21, 2019 and has not been assigned a case number. All references to the Litigation refer to *Cook, et al. v. South Carolina Public Service Authority, et al.* whether it is pending in South Carolina state court or U.S. District Court at the relevant time.

Charles Sieving  
November 25, 2019  
Page Three

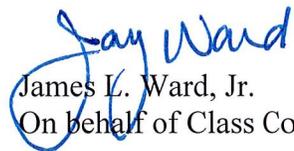
to be accepted by the Settling Defendants and then approved in the Litigation, which Class Counsel would work diligently to accomplish in due order, taking into account the various conditions that would need to be satisfied prior to the Settlement Agreement becoming effective, working collaboratively with NextEra, DOA, and the Settling Defendants.

Class Counsel also confirm that they understand that NextEra's proposed monetary contribution as contemplated by the Settlement Agreement is a Customer Refund of \$541 Million Dollars (as reflected in NextEra's bid) intended to be credited for settlement of the Litigation, which represents the extent of NextEra's monetary contribution towards any claims in or related to the Litigation with the exception of attorneys' fees as set forth in the Settlement Agreement.

Class Counsel also hereby authorize NextEra to include a copy of this letter and the proposed Settlement Agreement with NextEra's bid for the purchase of the Santee Cooper assets submitted in response to the DOA's Santee Cooper Acquisition Process.

The undersigned hereby states and affirms that he is authorized to make the foregoing statements and representations on behalf of Class Counsel, the Class Representatives, the Class, and the Class Members.

Sincerely,

  
James L. Ward, Jr.  
On behalf of Class Counsel

JLW/co

cc: Class Counsel (via e-mail)

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

THIRTEENTH JUDICIAL CIRCUIT

CASE NO. 2019-CP-23-6675

Jessica S. Cook, Corrin F. Bowers & Son, Cyril B. Rush, Jr., Bobby Bostick, Kyle Cook, Donna Jenkins, Chris Kolbe, and Ruth Ann Keffer, on behalf of themselves and all others similarly situated,

Plaintiffs,

v.

South Carolina Public Service Authority, an Agency of the State of South Carolina (also known as Santee Cooper); W. Leighton Lord, III, in his capacity as chairman and director of the South Carolina Public Service Authority; William A. Finn, in his capacity as director of the South Carolina Public Service Authority; Barry Wynn, in his capacity as director of the South Carolina Public Service Authority; Kristofer Clark, in his capacity as director of the South Carolina Public Service Authority; Merrell W. Floyd, in his capacity as director of the South Carolina Public Service Authority; J. Calhoun Land, IV, in his capacity as director of the South Carolina Public Service Authority; Stephen H. Mudge, in his capacity as director of the South Carolina Public Service Authority; Peggy H. Pinnell, in her capacity as director of the South Carolina Public Service Authority; Dan J. Ray, in his capacity as director of the South Carolina Public Service Authority; David F. Singleton, in his capacity as director of the South Carolina Public Service Authority; Jack F. Wolfe, Jr. , in his capacity as director of the South Carolina Public Service Authority; Central Electric Cooperative, Inc.; Palmetto Electric Cooperative, Inc.; South Carolina Electric & Gas Company; SCANA Corporation, and SCANA Services, Inc.,

Defendants.

## **SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT is entered into by and between Plaintiffs, Jessica S. Cook and Chris Kolbe (collectively, the “Class Representatives”), together with the class of individuals they represent (collectively, the “Class Members”), and Defendants, South Carolina Public Service Authority, an Agency of the State of South Carolina (“Santee Cooper”); W. Leighton Lord, III, in his capacity as chairman and director of the South Carolina Public Service Authority; William A. Finn, in his capacity as director of the South Carolina Public Service Authority; Barry Wynn, in his capacity as director of the South Carolina Public Service Authority; Kristofer Clark, in his capacity as director of the South Carolina Public Service Authority; Merrell W. Floyd, in his capacity as director of the South Carolina Public Service Authority; J. Calhoun Land, IV, in his capacity as director of the South Carolina Public Service Authority; Stephen H. Mudge, in his capacity as director of the South Carolina Public Service Authority; Peggy H. Pinnell, in her capacity as director of the South Carolina Public Service Authority; Dan J. Ray, in his capacity as director of the South Carolina Public Service Authority; David F. Singleton, in his capacity as director of the South Carolina Public Service Authority; Jack F. Wolfe, Jr., in his capacity as director of the South Carolina Public Service Authority; Central Electric Power Cooperative, Inc. (“Central”); and Palmetto Electric Cooperative, Inc. (“Palmetto”). The Santee Cooper Directors are collectively referred to herein as the “Director Defendants”. Santee Cooper and the Director Defendants are collectively referred to herein as “Santee Cooper”. Santee Cooper, Central, and Palmetto are collectively referred to herein as “Settling Defendants.” Class Representatives, Santee Cooper, Central, and Palmetto are collectively referred to herein as the “Parties”.

WHEREAS, Class Representatives are class representatives in a class action against Santee Cooper, *et al.* (the “Litigation”) pending in Greenville County, South Carolina (the “Court”) as Case No. 2019-CP-23-6675<sup>1</sup>;

WHEREAS, the Class Representatives have asserted against Settling Defendants statutory and constitutional claims and common law claims arising in tort, contract, and equity related to the construction of two nuclear units at the V.C. Summer site in Jenkinsville, South Carolina (the “Project”), for which Plaintiffs paid advanced financing and have sought recovery of the amounts paid among other damage;

WHEREAS, Settling Defendants deny each and all of the claims and allegations of wrongdoing made in the Litigation; deny that they have violated any law or other duty; deny that they have engaged in any wrongdoing or any other act or omission that would give rise to liability or cause Plaintiffs injuries, damages, or entitlement to any relief; have asserted affirmative defenses to Plaintiffs’ claims; contest class certification and would appeal the certification of any non-settlement class under Rule 23 of the South Carolina Rule of Civil Procedure; and state that they are entering into this Settlement Agreement to avoid the further uncertainties, expense, inconvenience, delay, and distraction of burdensome and protracted litigation, and thereby to put to rest this controversy and avoid the risks inherent in complex litigation;

WHEREAS, the Parties, having engaged in vigorous litigation and extensive discovery and having conducted independent investigations and analyses of the facts, defenses, and legal

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<sup>1</sup> The Litigation was removed to the U.S. District Court for the District of South Carolina on November 21, 2019 and has not been assigned a case number. All references to the Litigation refer to *Cook, et al. v. South Carolina Public Service Authority, et al.* whether it is pending in South Carolina state court or U.S. District Court, and the Parties will seek approval of the settlement in whichever court the Litigation is pending at the relevant time.

issues, recognize the uncertainties of the outcome in the Litigation and appreciate the likelihood that any final result would require significant additional efforts at considerable time and expense to advance this class action to conclusion;

WHEREAS, Class Counsel are satisfied that they have a sufficient basis to properly value the claims alleged in the Litigation and believe that settlement at this time as provided in this Settlement Agreement will be fair, reasonable, adequate, and in the best interests of the Class Representatives and the Class as defined herein;

WHEREAS, Class Counsel and Class Representatives agree that the settlement terms as set forth herein are a fair, reasonable, and adequate resolution of the Litigation;

WHEREAS, Plaintiffs and Settling Defendants agree that the terms in this Settlement Agreement, any documents filed in support of this Settlement Agreement, or any statement made in the negotiation thereof shall not be deemed or construed to be an admission or evidence of (i) any violation of any statute or law, (ii) any liability or wrongdoing, (iii) liability on any of the claims or allegations, or (iv) the propriety of certifying a litigation class in any proceeding, and shall not be used by any Party for any purpose whatsoever in the Litigation or any other legal proceeding, including but not limited to arbitrations, other than a proceeding to enforce the terms of this Settlement Agreement;

WHEREAS, the Parties acknowledge and understand, pursuant to the Public Service Authority Joint Resolution (R113, H4287) (the "Joint Resolution"), the South Carolina Department of Administration ("DOA") has been directed to conduct a competitive bidding process for the sale of some or all of Santee Cooper's assets and to receive management proposals that do not involve a sale of Santee Cooper but are designed to improve the efficiency and cost

effectiveness of Santee Cooper's electric operations;

WHEREAS, the Parties acknowledge that counsel for the Class Representatives and Class Members have negotiated terms and conditions with counsel and representatives of NextEra, Energy, Inc. including, its subsidiaries and affiliates ("NextEra"), as a prospective bidder for the assets of Santee Cooper, and not as a party, to resolve the Litigation;

WHEREAS, the Parties desire to compromise and settle all issues and claims that have been brought in the Litigation against Settling Defendants, or which could have been brought, by or on behalf of all persons included in the Class;

WHEREAS, the Parties desire and intend to seek preliminary approval of the settlement of the Litigation as set forth in this Settlement Agreement and, after the occurrence of all conditions of this Settlement Agreement, the Parties intend thereafter to seek a Final Approval Order from the Court dismissing the claims of all Class Members against the Settling Defendants with prejudice;

NOW, THEREFORE, it is agreed, in consideration of the promises and mutual covenants set forth in this Settlement Agreement, that by the entry by the Court of a Final Approval Order dismissing with prejudice the claims asserted in this Litigation by all Class Members against Settling Defendants and approving the terms and conditions of the settlement as set forth in this Settlement Agreement, as required by applicable law, the Litigation as to the Settling Defendants shall be settled and compromised under the terms and conditions contained herein.

#### **DEFINITIONS**

As used in this Settlement Agreement, in addition to any definitions elsewhere in this Settlement Agreement, the following terms shall have the meanings set forth below:

- a) **“Central”** means Central Electric Power Cooperative, Inc.
- b) **“Class”** means: All Santee Cooper residential, commercial, small industrial, and other customers, both direct and indirect, who paid utility bills that included charges calculated, in part, to pay pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the Project from January 1, 2007 to the date the South Carolina General Assembly enacts the enabling legislation ratifying NextEra as the successful bidder for the purchase of some or all of Santee Cooper’s assets in the Santee Cooper Acquisition Process. For the avoidance of doubt, Class does not include Central or any Electric Cooperative that purchased power directly or indirectly from Santee Cooper but does include the Electric Cooperatives’ individual members.
- c) **“Class Counsel”** means Speights & Solomons, LLC; McGowan Hood & Felder, LLC; McCullough Kahn, LLC; Strom Law Firm, LLC; Richardson Patrick Westbrook & Brickman, LLC; Savage, Royall & Sheheen, L.L.P.; Galvin Law Group, LLC; and Bell Legal Group, LLC.
- d) **“Claims Administrator”** means Epiq Class Action & Claims Solutions, Inc.
- e) **“Class Representatives”** means Plaintiffs Jessica S. Cook and Chris Kolbe.
- f) **“Customer Refund”** means the refund that current and former Santee Cooper direct and indirect customers will receive through the Santee Cooper Acquisition Process defined below after payment of approved expenses.
- g) **“Day” or “Days”** has the meaning ascribed to it in Rule 6 of the South Carolina Rules of Civil Procedure, and all time periods specified in this Settlement Agreement shall be computed in a manner consistent with Rule 6, SCRPC.

- h) **“Effective Date”** means the day following the date the Final Order approving the Settlement Agreement is no longer subject to further judicial review and compliance with the conditions precedent in paragraph 37 below.
- i) **“Electric Cooperative(s)”** means any or all of the electric cooperatives in South Carolina that purchase power from Central.
- j) **“Final Approval Order”** means the Final Order when entered of record if notice of appeal is not filed or, if any appeal is filed, on the day following the date the Final Order is no longer subject to further judicial review.
- k) **“The Litigation”** means *Jessica S. Cook, et al. v. South Carolina Public Service Authority, et al.*, Case No. 2019-CP-23-6675 (S.C. Cir. Ct., Greenville County).
- l) **“Palmetto”** means Palmetto Electric Cooperative, Inc.
- m) **“Releasees”** means Santee Cooper, the Director Defendants, Central, Palmetto, and NextEra along with the State of South Carolina and each and every one of their past, present, and future parents, predecessors, successors, partners, assigns, subsidiaries, affiliates, divisions, officers, directors, employees, members, heirs, executors, administrators and assigns, and related and affiliated Persons. For the avoidance of doubt, Releasees do not include South Carolina Electric & Gas Company (“SCE&G”), SCANA Corporation (“SCANA”), SCANA Services, Inc. (“SCANA Services”), Dominion Energy, Inc. (“Dominion”) or their officers, directors, shareholders, or affiliates, Toshiba Corporation (“Toshiba”), or Westinghouse Electric Company (“Westinghouse”), LLC, nor does it include Santee Cooper’s accountants or attorneys.
- n) **“Santee Cooper”** means the South Carolina Public Service Authority.

- o) “**Santee Cooper Acquisition Process**” shall mean the acquisition of some or all of the Santee Cooper assets by NextEra as would be effectuated pursuant to and in accordance with the solicitation process set forth in the Joint Resolution or any subsequent legislation enacted to implement the Joint Resolution.

### **SETTLEMENT CONSIDERATION**

1. The Parties agree to resolve the claims against the Settling Defendants in the Litigation in exchange for the Customer Refund in the amount of Five Hundred Forty-One Million Dollars (\$541,000,000.00).

2. This Settlement Agreement is independent of any agreements, resolutions, judgments, or other results that may be obtained against any defendant other than the Parties to this Settlement Agreement.

3. This Settlement Agreement is contingent upon NextEra’s selection as the successful bidder for the purchase of some or all of Santee Cooper’s assets in the Santee Cooper Acquisition Process. If NextEra is not selected as the successful bidder, then this Settlement Agreement is null and void.

4. The Parties shall present this Settlement Agreement to the Court within ten (10) business days after the General Assembly enacts the enabling legislation ratifying NextEra as the successful bidder for the purchase of some or all of Santee Cooper’s assets in the Santee Cooper Acquisition Process with a request for immediate consideration.

### **NO ADMISSION OF LIABILITY**

5. The Parties intend the Settlement Agreement as described herein to be a final and

complete resolution of all disputes between them with respect to the Litigation and the Released Claims and to compromise claims that are contested, and it shall not be deemed an admission by any Party as to the merits of any claim or defense or any allegation made in the Litigation.

6. The Parties agree that this Settlement Agreement, its terms, and the negotiations surrounding it shall be governed by Rule 408 of the South Carolina Rules of Evidence and any federal or state law equivalents and shall not be admissible or offered or received into evidence in any suit, action, or other proceeding, except upon the written agreement of the Parties hereto, pursuant to an order of a court of competent jurisdiction, or as shall be necessary to give effect to, declare, or enforce the rights of the Parties with respect to any provision of this Settlement Agreement.

7. Whether or not this Settlement Agreement becomes final or is terminated pursuant to its terms, the Parties expressly agree that neither this Settlement Agreement nor the settlement, nor any act performed or document executed pursuant to or in furtherance of this Settlement Agreement or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claims, any allegation made in the Litigation, any violation of any statute or law, or any wrongdoing or liability of Settling Defendants, and evidence thereof shall not be discoverable or used, directly or indirectly, in any way, whether in the Litigation or in any other proceeding; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault, or omission of the Releasees in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Neither this Settlement Agreement nor the settlement, nor any act performed or document executed pursuant to or in furtherance of this Settlement Agreement or the settlement, shall be admissible in any

proceeding for any purpose except to enforce the terms of the Settlement Agreement; provided, however, that the Releasees may file this Settlement Agreement, the Preliminary Approval Order, and the Final Approval Order in any action in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good-faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

### **NOTICE**

8. Notice of this Settlement Agreement shall be provided to Class Members. The Parties will request that the Court determine that the proposed procedures for notice set forth below constitute the best practicable notice to the Class.

9. For purposes of Class Notice and settlement participation, Class Members entitled to receive a Customer Refund shall be determined as set forth in the enabling legislation enacted by the General Assembly ratifying NextEra as the successful bidder for the purchase of some or all of Santee Cooper's assets in the Santee Cooper Acquisition Process. If not previously provided to Plaintiffs, within thirty (30) calendar days following entry into the Settlement Agreement, Santee Cooper will provide the names, addresses, and e-mail addresses (if available) of all Class Members who are or were Santee Cooper customers (the "Direct Customers"). Central will work to obtain the names, addresses, and e-mail addresses (if available) of Class Members who are or were Electric Cooperative customers (the "Indirect Customers"). The Direct Customer and Indirect Customer information will be merged to create the "Class Notice List". The Class Notice List will be divided between current and former customers.

10. The Claims Administrator shall prepare, print, and mail or e-mail<sup>2</sup> the Class Notice to all Class Members on the Class Notice List, as directed and approved by the Court in its Preliminary Approval Order. The expenses for the Claims Administrator shall be paid from the Customer Refund prior to distribution of the Customer Refund. The Claims Administrator shall discharge its responsibility by e-mailing the Notice to each Class Member for which an e-mail address is available and mailing the Notice via United States Postal Service (“USPS”) first-class mail to each Class Member for which an e-mail address is not available within forty-five (45) days after final regulatory approval of the sale of Santee Cooper or some or all of its assets. The Class Notice shall provide instructions and information concerning the settlement and the Class Member’s right to receive the benefits of the settlement, as well as the Class Member’s opt-out rights and objection rights.

11. Any Class Notice returned to the Claims Administrator as non-delivered before the deadline for opting-out of the settlement shall be sent to the forwarding address affixed thereto. The Parties will update the Class Notice List based on any forwarding address received and/or requests to update addresses received from Class Members. It shall be the responsibility of Class Counsel or their designee to respond to all inquiries from Class Members as appropriate.

12. The Claims Administrator shall affect publication notice with circulation and frequency at least equal to the publication notice given by Santee Cooper of proposed rate increases.

13. The Claims Administrator shall establish a settlement website to which Class

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<sup>2</sup> If an e-mail address has been provided, notice by mail is not necessary unless the Claims Administrator receives a message that the e-mail was not delivered to the recipient.

Members will be directed in the Class Notice and on which relevant documents and information will be posted.

### **REQUESTS FOR EXCLUSION**

14. Any Class Member shall be allowed to make a Request for Exclusion from the settlement by mailing or delivering the Request for Exclusion to the Claims Administrator at the address set out in the Class Notice. Any Request for Exclusion must be in writing and postmarked or delivered no later than sixty (60) days after the Claims Administrator mails and/or e-mails the Class Notice. Requests for Exclusion must contain the following information and must be signed by the Class Member: (i) the full name of the Class Member; (ii) the current address of the Class Member; (iii) the residential or commercial service address and/or account number for which the Class Member is requesting exclusion; (iv) reference *Cook, et al. v. South Carolina Public Service Authority, et al.*, pending before the Court of Common Pleas for Greenville County, Civil Action No. 2019-CP-23-6675; and (v) must state in express and clear terms the Class Member's desire to be excluded from the settlement and from the Class.

No Request for Exclusion can be made on behalf of a group of Class Members or through an agent or attorney.

Failure to comply with these requirements and to timely submit a proper Request for Exclusion shall result in the Class Member being bound by the terms of the settlement.

15. Any Class Member who submits a proper and timely Request for Exclusion may not file an objection to the Settlement Agreement or the settlement and shall be deemed to have waived any rights or benefits under this Settlement Agreement.

16. Any Class Member who does not submit a valid Request for Exclusion shall receive

the Customer Refund without the necessity of submitting a claim form.

17. The Parties shall jointly report the names of all individuals and entities who have timely submitted a completed Request for Exclusion to the Court no less than five (5) days prior to the Fairness Hearing.

18. With respect to any Class Member who submits a Request for Exclusion, Settling Defendants reserve all of their legal rights and defenses, including, but not limited to, any defenses relating to whether the person qualifies as a Class Member and/or has standing to bring any claim.

19. Under certain circumstances, Settling Defendants have the option to terminate the Settlement Agreement for up to five (5) days following the Request for Exclusion deadline. This option is set forth in a separate letter agreement that permits Settling Defendants to terminate the Settlement Agreement should a certain number of opt-outs occur. The referenced letter agreement will not be filed with the Court unless and until (1) the Court orders that the separate letter agreement be filed, or (2) a dispute among the Parties concerning its interpretation or application arises. If either of the foregoing events occurs, the separate letter agreement will be filed under seal unless otherwise ordered by the Court. In the event that the opt-out trigger is reached, Settling Defendants may, but are not obligated to, void this Settlement Agreement, in which case the Parties will return to their positions prior to the filing of the Motion for Preliminary Approval of the settlement.

## **OBJECTIONS**

20. Subject to Court approval, any Class Member who intends to object to the fairness of any aspect of the proposed settlement must both file with the Court and mail to Class Counsel and Settling Defendants' Counsel a written objection specifically referring to *Cook, et al. v. South*

*Carolina Public Service Authority, et al.*, pending before the Court of Common Pleas for Greenville County, Civil Action No. 2019-CP-23-6675. All objections must be postmarked no later than twenty (20) calendar days prior to the date of the Fairness Hearing and must include the following information: (1) the full name of the Class Member; (2) the current address of the Class Member; (3) the residential or commercial service address and/or account number; (4) all specific objections and the reasons in support thereof; and (5) any and all supporting papers. Any Class Member who files an objection must also appear at the Fairness Hearing in person or through counsel to show why the proposed settlement should not be approved as fair, reasonable, just, and adequate. If a Class Member intends to object through counsel, the Class Member's attorney must append a list of all prior objections previously filed by such counsel in state and federal courts, and with respect to each, provide (1) the case number; (2) the court where the prior objection was filed; (3) and the outcome of the objection.

21. Any Class Member who does not properly file and serve a timely written objection to the settlement shall not be permitted to object to the settlement at the Fairness Hearing and shall be foreclosed from seeking review of the settlement by appeal, collateral attack, or otherwise.

#### **FINAL JUDGMENT**

22. Following final approval by the Court of the Settlement Agreement, the Parties shall seek entry of a Final Order dismissing all claims which were or could have been brought between the Parties to this Settlement Agreement with prejudice.

23. If (a) the preliminary or final approval of the settlement is not obtained or is reversed on appeal; (b) the Effective Date of settlement as defined herein does not occur for any reason; (c) entry of the Final Order is reversed; or (d) the Final Order is materially modified by the

Court, or on appeal, and either Plaintiffs or Settling Defendants so elect, (1) this Settlement Agreement shall be null and void and shall have no further force and effect with respect to any party in the Litigation; (2) the Parties shall revert to their litigation positions immediately prior to the filing of the Motion for Preliminary Approval of the Settlement; and (3) the fact and terms of this Settlement Agreement shall not be admissible in any proceeding for any purpose as set forth in the “No Admission of Liability” section above.

### **RELEASE AND DISCHARGE**

24. The “Releasers” include all Class Members who have not timely and properly submitted a Request for Exclusion.

25. The “Released Claims” include any and all liabilities, rights, claims, actions, causes of action, demands, appeals, damages, penalties, costs, attorneys’ fees, losses, and remedies of any and every kind, whether known or unknown, existing or potential, suspected or unsuspected, liquidated or unliquidated, legal, statutory, or equitable, class, individual, or otherwise, that result from, arise out of, are based upon, or relate to (1) any activity associated with the decision to begin construction of the Project; (2) any activity associated with construction of the Project; (3) any activity associated with the decision to abandon construction of the Project; (4) any activity associated with the disclosures made, or not made regarding the Project; and (5) any and all claims regarding the Project that were or could have been brought in the Litigation on behalf of any Class Member. For the avoidance of doubt, the Released Claims include, but are not limited to, any claims that Releasers may have under the law of any jurisdiction, including, without limitation, those arising under federal, state, or foreign law; causes of action under the common or civil laws of any federal, state, or foreign jurisdiction, including but not limited to: unjust enrichment,

negligence, bailment, conversion, negligence per se, breach of contract, breach of implied contract, breach of fiduciary duty, breach of the implied covenant of good faith and fair dealing, misrepresentation (whether fraudulent, negligent, or innocent), fraudulent concealment or nondisclosure; and also including, but not limited to, any and all claims in any federal, state, or foreign court for damages, injunctive relief, restitution, disgorgement, declaratory relief, equitable relief, attorneys' fees and expenses, pre-judgment interest, statutory penalties, restitution, the appointment of a receiver, and any other form of relief. The Released Claims do not include criminal charges within the prosecutorial jurisdiction of the State or claims by Class Members against Santee Cooper who are also Santee Cooper bondholders relating to their status as bondholders. In addition, Released Claims do not include claims against SCE&G, SCANA, SCANA Services, Dominion or their officers, directors, shareholders, or affiliates, Toshiba, or Westinghouse, or Santee Cooper's accountants or attorneys.

26. "Releasees" means the South Carolina Public Service Authority and its officers and directors, Central, and Palmetto and each and every one of their past, present, and future predecessors, successors, assigns, subsidiaries, affiliates, divisions, officers, directors, employees, members, heirs, executors, administrators and assigns, and related and affiliated Persons. For the avoidance of doubt, this Release specifically includes NextEra and all of its affiliates and the State of South Carolina. However, Releasees do not include SCE&G, SCANA, SCANA Services, Dominion or their officers, directors, shareholders, or affiliates, Toshiba, or Westinghouse nor does it include Santee Cooper's accountants or attorneys.

27. Upon the Effective Date, the Releasers will be deemed to have fully released and discharged the Releasees from all Released Claims.

28. The Releasors shall not, after the Effective Date, seek (directly or indirectly) to commence, institute, maintain, or prosecute any suit, action, or complaint of any kind (including, but not limited to, claims for actual damages, statutory damages, and exemplary or punitive damages) against the Settling Defendants, or any other Releasee (including pursuant to the Litigation), based on the Released Claims, in any forum worldwide, whether on their own behalf or as part of any putative, purported, or certified class.

29. Releasors hereby covenant not to sue the Releasees with respect to any Released Claims, including unknown claims. Releasors shall be permanently barred and enjoined from instituting, commencing, or prosecuting any claims of any kind (including, but not limited to, for actual damages, statutory damages, and exemplary or punitive damages) against the Releasees based on the Released Claims.

30. The Releasors expressly acknowledge that they are familiar with and, upon the Effective Date, waive and release with respect to the Released Claims any and all provisions, rights, and benefits conferred by any law or principle of law of any jurisdiction that would limit or restrict the effect or scope of the provisions of the release set forth in the Settlement Agreement.

31. Subject to Court approval, all Releasors shall be bound by this Settlement Agreement, and all of their claims as to the Settling Defendants shall be dismissed with prejudice and released, even if they never received actual notice of the Litigation or this Settlement Agreement.

#### **ATTORNEYS' FEES AND EXPENSES**

32. Class Counsel shall file a Motion for Attorneys' Fees and Expenses (the "Fee Application") no later than forty-five (45) days prior to the date of the Fairness Hearing. In addition

to any consideration set forth in paragraph 1 above, Next Era will pay attorneys' fees up to a total amount of Fifty Million Dollars (\$50,000,000.00), but in no event shall NextEra be responsible for the payment of attorneys' fees in excess of this amount. Settling Defendants shall neither oppose the Fee Application nor assist or encourage any objection by any Class Member or third-party to the Fee Application. Class Counsel shall have no additional right to apply for future fees and expenses from any of the Releasees for the work incurred in securing this settlement, including any work incurred following the Effective Date.

33. The attorneys' fees requested by Class Counsel associated with this settlement will compensate Class Counsel for work already performed and expenses incurred in the Litigation and all of the work remaining to be performed and expenses to be incurred, including but not limited to, documenting the settlement, securing Court approval of the Settlement Agreement, making sure the settlement is fairly administered and implemented, and obtaining dismissal of the Litigation between the Parties to this Settlement Agreement.

34. The procedure for, and the allowance or disallowance by the Court of, the Fee Application is not part of the settlement set forth in this Settlement Agreement and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement Agreement set forth herein. Any order or proceeding relating to the Fee Application, or any appeal from any Fee Award or any other order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Settlement Agreement or affect or delay the finality of the Judgment and the settlement of the Litigation between the Parties hereto as set forth in this Settlement Agreement provided any Fee Award does not exceed the sum set forth in paragraph 32 above. No order of the Court or modification or reversal on

appeal of any order of the Court concerning any Fee Award shall constitute grounds for cancellation or termination of this Settlement Agreement provided any Fee Award order does not require the payment of a fee in excess of the sum set forth in paragraph 32 above. To the extent that any Fee Award is modified downward or reversed on appeal, the balance shall be returned to NextEra within thirty (30) days of such modification or reversal becoming final and not subject to further appellate review. The parties agree that NextEra is not obligated to pay a fee in excess of the sum set forth in paragraph 32 above.

35. Neither the Releasees nor their counsel shall have any responsibility for, interest in, or liability whatsoever with respect to allocation among Class Counsel and/or any other person who may assert some claim thereto of any Fee Award that the Court may make in the Litigation.

#### **SERVICE AWARDS**

36. Class Counsel and Class Representatives agree that an application for a Service Award shall not exceed \$5,000.00 for each of the Class Representatives. Within ten (10) business days after the Effective Date, approved Service Awards shall be paid from the Customer Refund to Class Representatives.

#### **EFFECTIVE DATE AND TERMINATION**

37. The Effective Date of this Settlement Agreement shall be conditioned on the occurrence of all of the following events:

- a. NextEra is selected as the successful bidder for the purchase of some or all of Santee Cooper's assets in the Santee Cooper Acquisition Process;
- b. The closing and completion of the sale of some or all of Santee Cooper's assets to NextEra or any subsidiary pursuant to the Santee Cooper

Acquisition Process;

c. The Court has finally approved the Settlement Agreement as described herein, following notice to the Class and a hearing, and has entered the Final Approval Order;

d. The Released Claims are dismissed with prejudice pursuant to the Final Approval Order; and

e. Thirty-one (31) days have passed after the Final Order is entered if notice of appeal is not filed, or (ii) if any appeal is filed, on the day following the date on which the Final Order is not subject to further judicial review or appeal either by reason of affirmance by a court of last resort or by reason of lapse of time or otherwise, provided that the Final Order is not reversed or materially modified by the Court or an appellate court.

38. If all of the conditions specified in the paragraph 37 (a) - (e) are not met, this Settlement Agreement shall be cancelled and terminated unless the Parties mutually agree in writing to proceed with this Settlement Agreement. The effectiveness of the Settlement Agreement is expressly conditioned on the Settlement Agreement being approved by the Court and any appellate court reviewing the Settlement Agreement without this Settlement Agreement being rejected or required to be materially modified by any Court ruling or any order resulting from an appeal or other review. If the Settlement Agreement is not finally approved by the Court and any appellate court reviewing the Settlement Agreement without material modification as set forth herein, the Settlement Agreement shall terminate and cease to have any effect.

39. Unless otherwise ordered by the Court, in the event that the Effective Date does not

occur or this Settlement Agreement should terminate or be cancelled or otherwise fail to become effective for any reason; the Settlement Agreement as described herein is not finally approved by the Court; or the Final Approval Order or Judgment is reversed, materially modified, or vacated following any appeal taken therefrom, (a) the Parties shall be restored to their respective positions immediately prior to the filing of the Motion for Preliminary Approval of the settlement, with all of their respective claims and defenses preserved as they existed on that date; and (b) the terms and provisions of this Settlement Agreement, with the exception of this paragraph and paragraphs 5 and 7 (which all shall continue in full force and effect), shall be null and void and shall have no further force or effect with respect to the Parties, and neither the existence nor the terms of this Settlement Agreement (nor any negotiations preceding this Settlement Agreement or any acts performed pursuant to, or in furtherance of, this Settlement Agreement) shall be used in the Litigation or in any other action or proceeding for any purpose (other than to enforce the terms remaining in effect).

#### **SETTLEMENT ADMINISTRATION**

40. The Claims Administrator shall be responsible for compiling the list of Class Members. The Claims Administrator may also be requested to administer the distribution of the Customer Refund to former customer class members as set forth below. All reasonable costs and expenses of administration of this Settlement Agreement shall be paid from the Customer Refund.

41. The allocation of the Customer Refund among the Class Members shall be subject to an equitable pro rata plan of allocation determined by the number of Class Members and the anticipated net amount to be refunded to Class Members as presented to the General Assembly and the South Carolina Public Service Commission during the Santee Cooper Acquisition Process.

42. Within thirty (30) days of the Effective Date, Santee Cooper and Central<sup>3</sup> shall deliver to the Claims Administrator and Class Counsel schedules itemizing the amount of advanced financing costs each Class Member, including those Class Members who submit a valid Request for Exclusion, paid from the first collection of advanced financing costs through the date the General Assembly enacts the enabling legislation ratifying NextEra as the successful bidder for the purchase of some or all of Santee Cooper's assets in the Santee Cooper Acquisition Process. For purposes of calculating the amount of the Customer Refund, sales to Real Time/Economy Power customers will be excluded from any calculation. Within ten (10) days of receipt of the schedules, the Claims Administrator shall calculate (1) the individual Class Member payment or bill credit amounts; and (2) the total bill credits and individual Class Member allocation to be provided to Santee Cooper and the Electric Cooperatives.

43. Within one hundred eighty (180) days of the Effective Date, or on such other schedule presented by Class Counsel and approved by the Court and the Public Service Commission, NextEra and the Electric Cooperatives shall apply the Customer Refund in the form of a bill credit for each Class Member who does not timely submit a valid Request for Exclusion and who is a current customer or at the option of NextEra may mail a check in the amount of the Class Member's pro rata share of the Customer Refund.

44. Within one hundred eighty (180) days of the Effective Date, or on such other schedule presented by Class Counsel and approved by the Court, the Claims Administrator shall send the Customer Refund in the form of an individual payment by USPS first-class mail, postage prepaid, to the address listed on the Class Notice List to each Class Member who does not timely

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<sup>3</sup> If such information is not available to Central, Central shall assist in obtaining such information.

submit a valid Request for Exclusion and who is a former customer.

45. For any payments made to Class Members via check:

a. If a check is returned to the Claims Administrator by the post office with a forwarding address, the Claims Administrator shall re-mail the check to the forwarding address.

b. If a check is returned to the Claims Administrator without a forwarding address, the Claims Administrator will use reasonable efforts to attempt to find a new address, after which, if a new address is found, the Claims Administrator shall re-mail the check to the new address.

46. Payments made to Class Members via check will be deemed unclaimed in the following situations;

a. The Claims Administrator cannot obtain an address for a Class Member who is a former customer, and the Class Member who is a former customer does not contact the Claims Administrator within 120 days after the distribution. (Class Counsel and Settling Defendants' Counsel shall promptly notify the Claims Administrator in writing if a former Class Member previously not located reports an address within this timeframe, and the Claims Administrator shall re-mail the check to the new address.)

b. The Class Member who is a former customer does not cash the check within one hundred and twenty (120) days or the Claims Administrator is unable to locate an address for a Class Member who is a former customer whose check is returned within one hundred and twenty (120) days of payment.

47. Any unclaimed payments will be returned to NextEra for distribution to current customers.

48. Settling Defendants will make reasonable efforts to facilitate the Claims Administrator's receipt of records necessary to identify Class Members who are former customers entitled to a pro rata share of the Customer Refund. Neither Defendants nor their counsel, however, shall have any responsibility for, or liability whatsoever with respect to, the distribution of the Customer Refund; the determination, administration, or calculation of claims; or any losses incurred in connection with any such matters. In addition to the Release and Discharge set forth herein, the Releasers hereby fully, finally, and forever release, relinquish, and discharge Defendants and their counsel from any and all such liability. No Person shall have any claim against Class Counsel or the Claims Administrator based on the distributions made substantially in accordance with the Settlement Agreement and the settlement contained herein or further orders of the Court.

#### **NOTICES TO PARTIES**

49. All notices and responses to notices under this Settlement Agreement shall be in writing. Each such notice or response shall be given either by (a) hand delivery; (b) registered or certified mail, return receipt requested, postage pre-paid; or (c) FedEx or similar overnight courier; and, if directed to any Class Member, shall be addressed to Class Counsel at their addresses set forth below, and if directed to Defendants, shall be addressed to Defendants' respective Counsel at the addresses set forth below or such other addresses as Class Counsel or Defendants may designate, from time to time, by giving notice to all Parties hereto in the manner described in this paragraph. Copies of all notices under this Settlement Agreement may, at the notifying party's

option, be transmitted by email to the appropriate parties. Providing a copy by email shall only be in addition to, and not a substitute for, the formal mechanisms provided for in (a), (b), or (c) of this paragraph.

If directed to the Plaintiffs or any Class Member, address notice to Class Counsel as follows:

Dan Speights  
A.G. Solomons III  
SPEIGHTS & SOLOMONS, LLC  
100 Oak Street  
Hampton, SC 29924

James L. Ward, Jr., Esq.  
McGOWAN, HOOD & FELDER, LLC  
321 Wingo Way, Suite 103  
Mt. Pleasant, SC 29464

Clayton B. McCullough, Esq.  
McCULLOUGH KHAN, LLC  
359 King Street, Suite 200  
Charleston, SC 29401

J. Preston Strom, Jr.  
STROM LAW FIRM, LLC  
2110 Beltline Blvd.  
Columbia, South Carolina 29204

Terry Richardson  
RICHARDSON, PATRICK, WESTBROOK &  
BRICKMAN, LLC  
P.O. Box 1368  
1730 Jackson Street  
Barnwell, SC 29812

Vincent A. Sheheen, Esq.  
Savage, Royall & Sheheen, L.L.P.  
1111 Church St.  
Camden, SC 29020

Gregory M. Galvin, Esq.

Galvin Law Group, LLC  
23 Plantation Park Suite 503  
Bluffton, SC 29910

J. Edward Bell, Esq.  
BELL LEGAL GROUP, LLC  
219 Ridge Street  
Georgetown, SC 29440

If directed to Settling Defendants or Nextera, address notices to:

[to be inserted at time of execution]

### **BEST EFFORTS**

50. The Parties will use their best efforts to effectuate this Settlement Agreement and secure its approval by the Court and shall confer and consult with each other as appropriate to implement such best efforts. The Parties shall not encourage Class Members to exclude themselves from the settlement or object to any portion of this Settlement Agreement.

### **MISCELLANEOUS**

51. Class Counsel shall be entitled to conduct confirmatory discovery, if necessary, to ensure fair treatment among Class Members.

52. This Settlement Agreement shall be null and void and shall have no further force and effect with respect to any party in the Litigation if the conditions precedent are not consummated.

53. This Settlement Agreement shall constitute the entire Settlement Agreement of the Parties and shall not be subject to any change, modification, amendment, or addition without the express written consent of counsel on behalf of all Parties to this Settlement Agreement.

54. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their representatives, heirs, successors, and assigns.

55. This Settlement Agreement, and all terms and provisions thereof, shall be construed under and governed exclusively by the laws of the State of South Carolina, without application of any choice of law principles.

56. The Court shall retain continuing and exclusive jurisdiction over the Parties hereto, including all Class Members, and over the enforcement of the settlement and the benefits to the Class hereunder. Any disputes or controversies arising between the Parties with respect to the interpretation, enforcement, or implementation of the settlement must be made by motion to the Court. Any disputes concerning the Santee Cooper Acquisition Process and the proposal submitted, including but not limited to the application of the Customer Refund, shall be determined by the South Carolina Public Service Commission. In no event, shall NextEra or the terms of its proposal in the Santee Cooper Acquisition Process be subject to the jurisdiction of the court of South Carolina.

57. The terms of this Settlement Agreement are the product of negotiation. The Parties acknowledge they are and have throughout the Litigation been represented by competent and effective counsel, such that there neither was nor is any disparity in bargaining power in the negotiations that led to this settlement.

58. None of the Parties, or their respective counsel, will be deemed the drafter of this Settlement Agreement for purposes of construing the provisions thereof. The language in all parts of this Settlement Agreement will be interpreted according to its fair meaning and will not be interpreted for or against any of the Parties as the drafter thereof.

59. Class Counsel represent and warrant that they (a) have no current client with a claim against Defendants or any of the Releasees of the type alleged in the Litigation that has not already

been filed and served on Settling Defendants and (b) have no present intention to seek out or solicit former or current Direct Customers or Indirect Customers of Santee Cooper, Central, or Palmetto to pursue individual or class claims against Settling Defendants with respect to matters within the scope of the Release. The Parties understand and agree that nothing in this paragraph imposes or shall be construed to prohibit or restrict Class Counsel from representing persons who seek representation for such claims subsequent to the date of this Settlement Agreement.

60. The Parties agree that nothing in this Settlement Agreement shall be construed to prohibit communications between Settling Defendants and Class Members in the regular course of business.

61. No representations or advice regarding the tax consequences of this Settlement Agreement have been made by any Party. The Parties further understand and agree that each Party, each Class Member, and each Class Counsel shall be responsible for his, her, its, or their own taxes, if any, resulting from this Settlement Agreement and any payments made pursuant to this Settlement Agreement.

62. The Parties agree that any Class Member who is in active bankruptcy proceedings or previously was a party to bankruptcy proceedings during the period of time covered in the Class definition may only participate in the settlement subject to applicable bankruptcy law and procedures. Settling Defendants are under no obligation to notify any Bankruptcy Court that has, had, or may have jurisdiction over such Class Member's bankruptcy proceedings or any trustee or examiner appointed in such Class Member's bankruptcy proceedings of this Settlement Agreement or the benefits conferred by the Settlement Agreement and the settlement. The Parties agree that any disputes concerning the rights of the bankruptcy estate to the proceeds of any payment under

the settlement or Incentive Award shall be adjudicated by the Bankruptcy Court. The Claims Administrator shall follow any direction of the Bankruptcy Court with respect to the proceeds of any payment that is due to a Class Member who is a former customer. In the event the Bankruptcy Court issues any order or orders that do more than adjudicate the proceeds of any payment, and such order or orders are material in Settling Defendants' judgment exercised in good faith, Settling Defendants shall have the right to terminate this Settlement Agreement.

63. Under no circumstances shall the Settlement Agreement or any release herein be deemed to alter, amend, or change the terms and conditions of any account to which any Class Member is or was a party, or to provide a defense to any obligation to pay monies to Settling Defendants; be deemed to have any effect in any bankruptcy case or in any other action involving a Class Member hereto; or create or be construed as evidence of any violation of law or contract. In the event this Settlement Agreement is so construed as to a particular Class Member, it can be declared by Settling Defendants to be null and void as to that Class Member only (and in such event, the Release as to that Class Member shall also be void).

64. Upon the Court's entry of the Preliminary Approval Order, the Parties will agree upon, issue, and distribute solely via PR Newswire a joint press release regarding this settlement. No Party will affirmatively contact the news media; issue any press release other than the one-time issuance in the manner described above of the joint press release to be agreed upon; hold press conferences in any media; conduct on camera, on-air, or web-based interviews; or use any form of paid media or advertising to publicize, promote, or characterize the settlement, the Parties, or the Parties' counsel. In response to inquiries from anyone other than a Class Member, Class Representatives, Class Counsel, Settling Defendants, and Settling Defendants' counsel agree to

limit their statements to the contents of the agreed press release. Consistent with the foregoing, Class Counsel may post the press release on their firm websites and describe their role as Class Counsel.

65. This Settlement Agreement may be executed in counterparts, including by signature transmitted electronically. Each counterpart when so executed shall be deemed to be an original, and all such counterparts together shall constitute the same instrument.

IT IS HEREBY AGREED by the undersigned, on behalf of their respective clients.

[to be inserted at time of execution]