

MEETING OF THE FINANCE COMMITTEE  
WAMPEE CONFERENCE CENTER  
PINOPOLIS, SOUTH CAROLINA  
MONDAY, DECEMBER 12, 2011 – 10:00 A.M.

Committee Members Present: Chairman Barry D. Wynn, Directors J. Calhoun Land, IV, Peggy H. Pinnell, David A. Springs, Cecil E. Viverette, and Board Chairman O. L. Thompson, III ex officio

Other Directors Present: Kristofer Clark, William A. Finn, W. Leighton Lord, III, James R. Sanders, Jr., and David F. Singleton

Staff Members Present: Lonnie N. Carter, President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; Elaine G. Peterson, Executive Vice President and Chief Financial Officer; R. M. Singletary, Executive Vice President, Corporate Services; Terry L. Blackwell, Senior Vice President, Power Delivery; L. Phil Pierce, Senior Vice President, Generation; Marc R. Tye, Senior Vice President, Customer Service; Michael C. Brown, Vice President, Wholesale and Industrial Services; Richard S. Kizer, Vice President, Government & Community Relations; Suzanne H. Ritter, Treasurer & Vice President, Corporate Planning; Laura G. Varn, Vice President, Corporate Communications & Media Relations; Pamela J. Williams, Vice President, Administration and Corporate Secretary; Elizabeth H. Warner, Associate General Counsel, Litigation & Environmental Affairs; Stephen R. Pelcher, Associate General Counsel, Rates Affairs; C. Sam Bennett, Manager, Economic Development; Terry Thompson, General Auditor; Monique L. Washington, Director Financial Planning; and Pamela M. Gaskins, Assistant Corporate Secretary

Also in attendance were David Slade of *The Post and Courier*; Ronald J. Calcaterra of Central Electric Power Cooperative; James P. Howle, of Horry Electric Cooperative; and Dennis M. Boyd of Nucor.

An agenda, including the time, date and location of the meeting, was posted on Santee Cooper's website on Wednesday, December 7, 2011.

Chairman Wynn presided, and Ms. Gaskins kept the minutes.

Upon motion made by Director Land, seconded by Director Viverette, the Committee voted unanimously to waive reading of the minutes of the October 21, 2011, Finance Committee meeting and adopted the minutes as submitted.

Ms. Peterson provided a summary of the 2011 Mini-Bond Program which included two sales during 2011 resulting in a combined sales total of \$48,035,400. Two types of mini-bonds were sold – Current Interest Bearing Bonds (pay interest semi-annually and sold in \$500 denominations) and Capital Appreciation Bonds (interest paid at maturity and sold in \$200 denominations).

Ms. Peterson reviewed the Thirtieth Series and Supplemental Revenue Obligation Resolution which would authorize the issuance of up to \$85 million of mini-bonds in one or more sub-series to be sold during 2012 with no interest rate exceeding 7%. The actual interest rates will be set by maturity shortly before each sale by the Chief Financial Officer based on the advice of our financial advisor taking into account their analysis of market rates at that time.

Following discussion and upon motion by Directors Springs, seconded by Director Viverette, the Committee voted unanimously to recommend the attached resolution "Thirtieth Series and Supplemental Resolution – 2012 Series M" (Exhibit FIN 12-1-11) to the full Board for approval.

Ms. Ritter gave a detailed presentation of the Calendar Year 2012 Budget Analysis (Exhibit FIN 12-2-11). She reviewed the budget process and summarized the assumptions used in preparing the budgets for the electric and water systems. She noted that demand and energy requirements are based on Load Forecast 1101. General base rate increases for retail customers of approximately 3% to 4% are projected to go into effect in the late fall/early winter of 2012, 2013 and 2014. Actual rate increases will be subject to further review of the load forecast and financial projections.

Fuel and Purchased Power Costs are based on the following delivered coal prices per ton and gas prices per MMBtu:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Delivered Coal Price \$/Ton	91.33	91.36	98.67
Delivered Gas Price \$/MMBtu	5.36	5.77	5.67

Construction and Capital Equipment costs reflect estimated impacts of proposed Environmental Protection Agency regulations, and sale of 25/45<sup>th</sup> of V. C. Summer Units 2 & 3 with one-half closing in January 2014 and one-half closing in January 2015. Construction cash flows reflect 45% ownership through December 2013 and are subsequently reduced in accordance with the closing dates of the sales.

Debt costs are based on existing debt issues and projected debt issues to finance ongoing construction. Only interest on the retained ownership of future nuclear units is included in costs. Application of proceeds from the sale of Pee Dee equipment to the Nuclear project are reflected during 2013 and 2014.

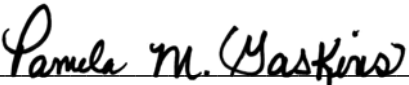
The proposed 2012 Budget includes \$1.94 billion for the electric system, \$4.7 million for the water system, \$933.0 million for capital expenditures, and the projected payment to the State of South Carolina in the amount of \$19,617,000.


Following discussion and upon motion by Director Viverette, seconded by Director Springs, the Committee voted unanimously to recommend the attached resolution entitled "Budget Approval Calendar Years 2012, 2013 and 2014" (Exhibit FIN 12-2-11) to the full board for approval.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

Approved:

  
\_\_\_\_\_  
Pamela M. Gaskins  
Assistant Corporate Secretary

  
\_\_\_\_\_  
Barry D. Wynn  
Chairman