TRANSFORMATION

Annual Report 2019

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Letter from the Chairman and CEO

Santee Cooper was built to improve the lives of all South Carolinians. Even as Santee Cooper is going through a period of marked evolution, that mission remains strong and true for Board members, management and employees.

The utility faced a number of challenges in 2019, and we made significant strides to overcome those challenges and plan for a brighter future. We heard the calls for change, and we are responding in earnest. In July, Santee Cooper's Board of Directors hired Mark Bonsall as President and CEO and Charlie Duckworth as Deputy CEO. In doing so, Santee Cooper gained a vast amount of experience in leaner, greener operations, and immediately began transforming its resource plan and other core operations.

Employees rolled up their sleeves and got to work, first producing a Business Forecast focused on sustainability, efficiency, reducing debt, reducing emissions and advancing technology.

The Business Forecast provided a base case for Santee Cooper's Reform Plan, submitted in November as part of the South Carolina Department of Administration's (the "DOA") solicitation and evaluation of bids to purchase or manage Santee Cooper (and ours for reform), as directed by the legislature last spring.

Santee Cooper deeply appreciates the opportunity the General Assembly provided to develop a plan that transforms this utility.

The Business Forecast puts South Carolinians first with certainty in pricing, a greener power supply and a plan to aggressively reduce debt. Looking ahead, Santee Cooper plans to add 1,500 MW of solar power, 500 MW of natural gas-fired capacity and 200 MW of battery storage (the largest commitment to this technology in South Carolina). We will close Winyah Generation Station's four coal-fired units beginning in 2023. These steps save money and help reduce Santee Cooper's carbon emissions by 43% over the next 20 years compared to 2005 numbers.

These changes will not interrupt Santee Cooper's high-level of reliability, emphasis on safety, support for economic development, responsibilities with lake and habitat management, or our commitment to our water systems. They are changes we can implement alongside any governance or oversight reforms the South Carolina Legislature approves.

On March 13, 2020, the Santee Cooper Board of Directors unanimously approved a settlement in the case of Cook v. Santee Cooper et al., and other litigation related to cancellation of the V.C. Summer expansion. It is a global settlement that also resolves cross-claims in the Cook case and matters with Dominion Energy, among many other issues. This settlement eliminates substantial risk presented by the litigation and gives Santee Cooper greater certainty as we execute the Business Forecast. A final court hearing on settlement approval is scheduled for July 20, as of this writing.

CORE BUSINESS HIGHLIGHTS

Throughout 2019, Santee Cooper employees remained steadfast in providing low-cost, reliable and environmentally sound electricity and water to our customers and staying safe while doing it.

We successfully completed two key financial transactions in our Business Forecast. Santee Cooper paid off $360 million in long-term debt in October, paying certain bonds issued in 2009 through 2013, 2015 and 2016, along with certain MiniBonds. In November, we executed a $163 million bond sale to refund existing debt, with projected debt service savings of $40 million over the next 16 years.

The Business Forecast produces savings from strategic fuel decisions, and in 2019 Santee Cooper further reduced our use of coal as a generating resource. Coal fueled just 38% of our generation mix, down from 46% in 2018 and 78% a decade ago (2009). We are using more natural gas at Rainey Generating Station and purchasing more natural gas-fired generation on the market, producing significant savings for customers.

Santee Cooper maintained high marks in reliability and customer satisfaction throughout 2019. Transmission reliability for 2019 was 99.9960%, meaning the average delivery point was without power for only 21 minutes for the year. Distribution reliability was 99.9964%, equating to the average customer being without power under 19 minutes for the year. Our residential and commercial customer service satisfaction rates increased this year to 93% and 97.2% respectively. Our industrial satisfaction remained high at just under 90% and our municipal customers (including Piedmont Municipal Power Agency) rated at 100% satisfied.

Safety is paramount in everything we do, and Santee Cooper employees delivered the utility's 2nd best year as measured by workplace safety incidents. This follows 2018, which was our best year ever. Santee Cooper's safety record continues to earn national recognition, and in April we received the American Public Power Association's (APPA) Safety Award of Excellence for 2018's safe operating practices, earning first place in the category for utilities with 1,000,000 to 3,999,999 worker-hours of annual worker exposure.

HURRICANE DORIAN

Customer service is a high priority during all times of the year, but perhaps most importantly when a storm hits our state. Hurricane Dorian blew into Santee Cooper's service territory on Sept. 3. Less than 48 hours after Hurricane Dorian exited Santee Cooper's service territory late on Sept. 5, crews had restored power to all customers who could receive power. The storm knocked out power to 51,000 residential and commercial customers, mainly along the Grand Strand, where winds of 105 mph were recorded off the coast.

Santee Cooper's transmission system, which delivers power to industrial and wholesale customers across the state, had service restored to all customer-serving delivery points late on Sept. 6. It was an impressive feat made possible by the dedication of the utility's emergency operations teams and employees.

ENVIRONMENTAL NEWS

Santee Cooper achieved an environmental milestone in May, as the last load of coal ash from the former Grainger Generation Station was hauled from the site. The utility continues to remove any remaining ash from the dikes around the pond and an underlying foot of soil from Pond 2. Also at Grainger, work on restoring wetlands is ongoing, with more than 60,000 bald cypress and oak saplings planted at the plant's former cooling pond.

Ash excavation at Grainger is just part of our innovative beneficial use program, which allows recycling of coal combustion products with very successful results. Santee Cooper recycled 1,607,052 tons of coal combustion products in 2019, the most of any year to date.

In addition to planning for large-scale solar growth through our Reform Plan, Santee Cooper added two smaller solar farms in 2019. Jamison Solar Farm, located along Interstate 26 in Orangeburg County, was built in partnership with Tri-County Electric Cooperative (TCEC) and is located in an industrial park being developed by the co-op. Jamison, which was connected to the grid in April, can produce enough electricity to power 163 average South Carolina households.

Runway Solar Farm, the second solar installation, is located on Myrtle Beach Airport property. Runway Solar Farm can produce enough electricity to power 305 average South Carolina households.

To round out Santee Cooper's environmental news, the South Carolina Department of Health and Environmental Control ("DHEC") honored Santee Cooper in 2019 with its 2018 Community Star Award. The award recognizes Santee Cooper for going beyond environmental requirements to build better community relationships, promote environmental sustainability and resiliency, and improve the quality of life for communities. DHEC recognized Santee Cooper for several efforts: our Camp Hall Commerce Park, the Give Old For Energy Recovery (GOFER) program, and several educational initiatives.

ECONOMIC DEVELOPMENT

As part of its mission, Santee Cooper aggressively supports economic development throughout the state. Working with the South Carolina Department of Commerce, the state's electric cooperatives, local governments and other partners, Santee Cooper supported efforts resulting in 25 announcements of economic development with more than $381 million capital investment and 1,583 new jobs in 2019. DHL Supply Chain in Dorchester County, Muffin Mam Inc. in Laurens County, Spectrum Quarts in Dillon County, A&R Logistics in Berkeley County, and DIRTT Environmental Solutions in the city of Rock Hill were among these announcements.

In western Berkeley County our largest economic development project, Camp Hall Commerce Park, continues to grow. Construction is taking place on the park's unique Village Center, sewer and water lines, and "pollinator pathways" (habitats that promote birds, bees and butterflies).

> On May 1, Santee Cooper announced the sale to Exeter Property Group of a 77-acre tract of land. Exeter is constructing three buildings totaling approximately 945,000 square feet of ready-to-lease industrial space for bulk warehouse and distribution.

> Volvo Cars is expanding its Camp Hall plant, which will add up to 2,500 more workers to produce a second car.

> In August, the Surface Transportation Board authorized Palmetto Railways to construct and operate a 28-mile line connecting to Camp Hall. The line will provide rail service for Volvo Cars and other potential shippers in the area. It also helps prepare Camp Hall for future development.

> The South Carolina Departments of Commerce and Transportation held a ribbon-cutting ceremony on Aug. 29 for the new Interstate 26 and Volvo Car Drive interchange at exit 189. The interchange provides direct access to Volvo's plant and the rest of Camp Hall.

OTHER HIGHLIGHTS

The Santee Cooper Regional Water System on Lake Moultrie achieved a record 34.38 million gallons of clean water delivered to customers on May 28. The Lake Moultrie plant also received a 20-year award from the American Water Works Association's Partnership for Safe Water Award for producing water that has consistently exceeded regulatory standards over the last two decades.

Work continues on the Dorchester Reach expansion for the Lake Marion Regional Water System. Expected to be completed in 2020, the 10.7-mile expansion from Harleyville to Ridgeville will bring reliable drinking water to an underserved portion of South Carolina.

Santee Cooper's Continuous Improvement ("CI") program also had a record year, directly engaging 93% of employees. CI projects achieved more than $10 million dollars in financial benefits to the utility. By involving employees and working the CI system, Santee Cooper is implementing innovative solutions to make it more effective and efficient.

Santee Cooper was built by South Carolinians, for South Carolinians. We are part of the very fabric of this state. As we head into 2020, we are focused on reforming and transforming so that Santee Cooper can better serve as a leading resource for improving the lives of all South Carolinians.

Dan Ray
Acting Chairman

Mark Bonsall
President and CEO

Corporate Statistics

System Data 2019

Miles of transmission system lines[1]: 5,152

Miles of distribution system lines: 2,994

Number of transmission substations: 91

Number of distribution substations: 58

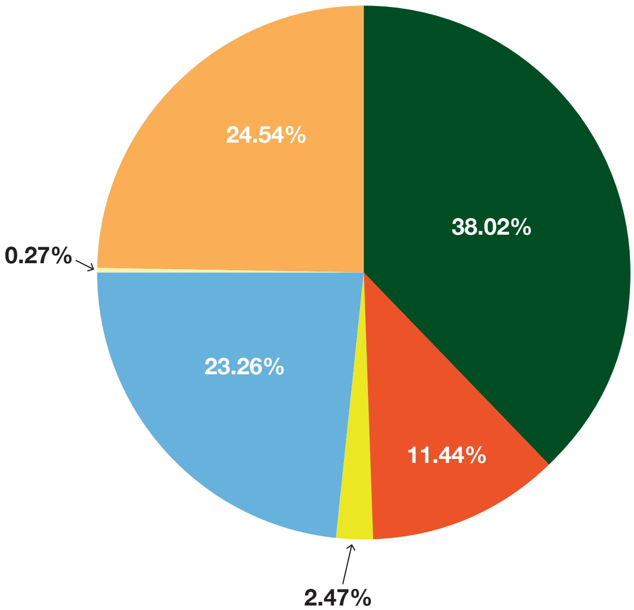
Number of CEPCI Delivery Points (DPs): 411

[1] Includes Central-owned transmission lines

	2019	2018 *Restated – See Note 15*	2017	2016	2015
FINANCIAL (Thousands)					
Total Revenues & Income	**$1,613,518**	$1,963,805	$1,732,327	$1,718,565	$1,842,541
Total Expenses & Interest Charges	**$1,676,509**	$1,766,507	$1,618,084	$1,604,119	1,781,591
Other	**$48,681**	($4,286)	($5,561)	($6,708)	(6,435)
Reinvested Earnings	**($14,310)**[2]	$193,012	$108,682	$107,738	54,515
OTHER FINANCIAL					
(Excluding CP and Other)					
Debt Service Coverage *(prior to Distribution to State*	**1.43**	1.54	1.51	1.55	1.45
Debt / Equity Ratio *and Special Item)*	**76/24**	75/25	78/22	79/21	78/22
STATISTICAL					
Number of Customers (at Year-End)					
Retail Customers	**189,177**	185,116	180,658	176,748	174,023
Military and Large Industrial	**27**	27	26	27	27
Wholesale	**4**	4	4	4	4
Total Customers	**189,208**	185,147	180,688	176,779	174,054
Generation (GWh):					
Coal	**9,126**	11,130	9,589	12,347	12,832
Nuclear	**2,746**	2,447	2,296	2,886	2,366
Hydro	**592**	603	382	444	523
Natural Gas and Oil	**5,582**	5,101	5,783	4,834	6,212
Landfill Gas and Renewables	**64**	62	73	81	93
Total Generation (GWh)	**18,110**	19,343	18,123	20,592	22,026
Purchases, Net Interchanges, etc. (GWh)	**5,891**	4,838	4,980	3,433	4,987
Wheeling, Interdepartmental, and Losses	**(772)**	(463)	(324)	(325)	(515)
Total Energy Sales (GWh)	**23,229**	23,718	22,779	23,700	26,498
Summer Maximum Continuous Rating (MCR) Generating Capability (MW)	**5,115**	5,112	5,104	5,104	5,093
Territorial Peak Demand (MW)	**4,558**	5,203	4,989	4,794	5,869

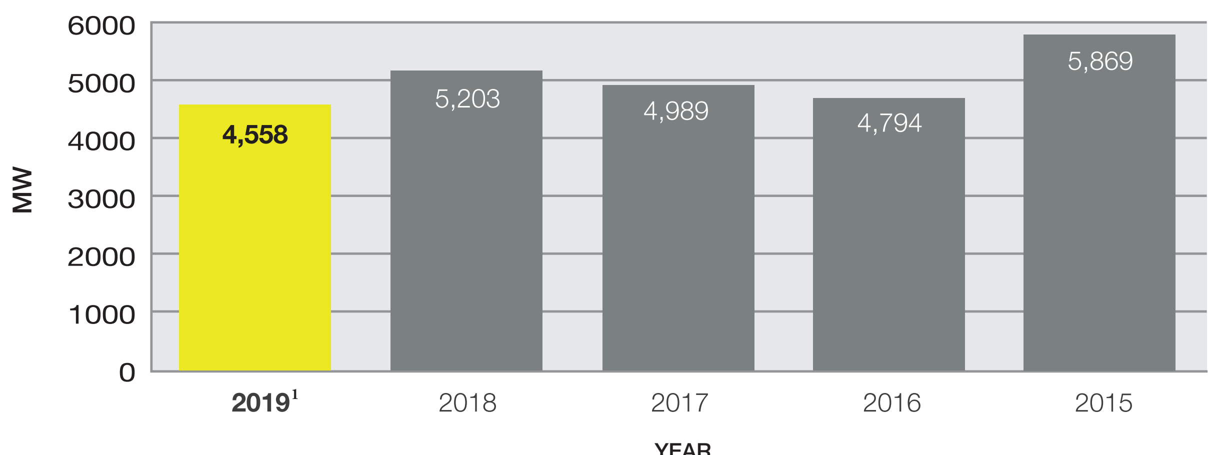
[2] 2019 financial results included a decrease to reinvested earnings from higher net amortization of the Regulatory assets – nuclear over the Deferred inflows – Toshiba settlement. This amortization was to align with impacts from the 2019 debt defeasance as well as capital expenditures.

2019 GENERATION BY FUEL MIX



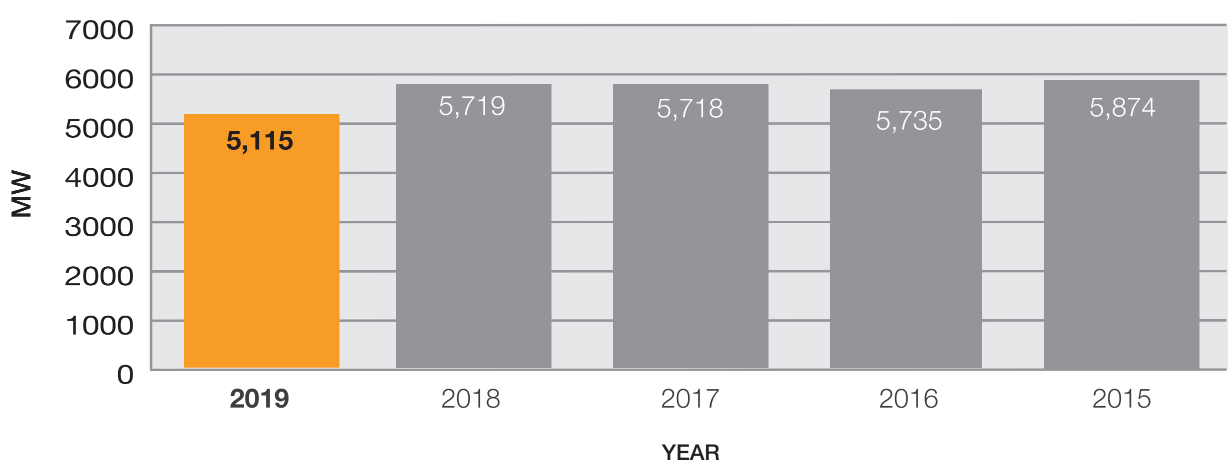
Source			GWh
Coal		38.02%	9,126
Nuclear		11.44%	2,746
Hydro		2.47%	592
Natural Gas & Oil		23.26%	5,582
Other Renewables		0.27%	64
Purchases (Net)		24.54%	5,891
		100.00%	24,001

PEAK DEMAND



[1] 2019 peak demand decreased due to colder weather in 2018 resulting from January's winter storm Grayson. In addition the last remaining portion of the Upstate Load *(see Note 9 – Contracts with Electric Power Cooperatives)* transitioned to a new supplier, effective January 1, 2019.

TOTAL CAPABILITY (MCR) WITH FIRM PURCHASES



Audit Committee Chairwoman's Letter

The Audit Committee of the Board of Directors is comprised of independent directors Peggy H. Pinnell – Chairwoman, William A. Finn, Merrell W. Floyd, Charles H. Leaird, Stephen H. Mudge and Barry D. Wynn.

The committee receives regular reports from members of management and Internal Audit regarding their activities and responsibilities.

The Audit Committee oversees Santee Cooper's financial reporting, internal controls and audit process on behalf of the Board of Directors.

Periodic financial statements and reports pertaining to operations and representations were received from management and the internal auditors. In fulfilling its responsibilities, the committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The committee discussed the company's financial statements and the adequacy of its system of internal controls. The committee met with the independent public accountants and with the General Auditor to discuss the results of the audit, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

Peggy H. Pinnell

Peggy H. Pinnell
Chairwoman
2019 Audit Committee

Notes:
Barry D. Wynn was appointed to the Audit Committee on Jan. 28, 2019.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Advisory Board and Board of Directors
South Carolina Public Service Authority
Moncks Corner, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the South Carolina Public Service Authority (the "Authority") (a component unit of the State of South Carolina), as of December 31, 2019 and 2018, and for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15, during 2019 it was determined that additional amortization of the Regulatory Assets –nuclear and Regulatory Inflows – Toshiba settlement accounts should have occurred in 2018 to coincide with the paydown of debt. This was necessary to ensure the write-off of the regulatory accounts matched the debt service collected in rates. Our opinions are not modified with respect to this matter.

As discussed in the Notes 7, 10, 16, and 17, there are significant ongoing Legislative Activities and Legal Matters that could have a significant impact on the Authority. Under Act 95, the State's Department of Administration ("DOA") was required to conduct a comprehensive bid process in order to allow the State's General Assembly to consider the options to sell, manage or reform the Authority. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplemental financial data as listed in the table of contents ("RSI") be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements of the Authority's business-type activities and fiduciary activities. The Chairman and CEO Letter, Corporate Statistics, Audit Committee Chairwoman's Letter, Leadership, and Office Locations, as listed in the table of contents of the annual report, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
March 12, 2020

Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The South Carolina Public Service Authority (the "Authority" or "Santee Cooper") is a component unit of the State of South Carolina (the "State"), created by the State in 1934 for the purpose of providing and aiding interstate commerce, navigation, electric power and wholesale water to the people of South Carolina. The statute under which it was created provides that the Authority will establish rates and charges so as to produce revenues sufficient to provide for payment of all expenses, the conservation, maintenance and operation of its facilities and properties and the payment of the principal and interest on its notes, bonds, or other obligations; provided, however, that prior to putting into effect any increase in rates the Authority shall give at least a sixty-day notice of such increase to all customers who will be affected.

The Authority's assets include wholly-owned and ownership interests in a variety of coal, natural gas, nuclear, hydro, biomass, landfill and solar generating units totaling 5,115 megawatts (MW) of summer power supply peak capability. This consists of 3,500 MW of coal-fired capacity, 1,117 MW of natural gas and oil capacity, 322 MW of nuclear capacity, 142 MW of hydro capacity, 29 MW of landfill methane gas capacity and 5 MW of solar capacity. In addition to its generation assets, the Authority may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to maximize the efficient use of generating resources, reduce operating costs and increase operating revenues. The Authority also operates an integrated transmission system which includes lines owned by the Authority as well as those owned by Central Electric Power Cooperative Inc. ("Central"), the Authority's largest wholesale customer.

Overview of the Financial Statements

This discussion serves as an introduction to the basic and fiduciary financial statements of the Authority to provide the reader with an overview of the Authority's financial position and operations. As discussed in the Notes to the Financial Statements (Note 1 – A - "Reporting Entity"), the financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems.

The Statements of Net Position – Business – Type Activities summarize information on the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

The operating results of the Authority are presented in the Statements of Revenues, Expenses and Changes in Net Position – Business – Type Activities. Revenues represent billings for electricity and wholesale water sales. Expenses primarily include operating costs and debt service-related charges.

The Statements of Cash Flows – Business – Type Activities are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements related to cash provided by or used in operations, non-capital related financing, capital related financing and investing activities.

The Statements of Fiduciary Net position – OPEB Trust Fund summarizes the assets, liabilities and fiduciary net position of the OPEB Trust Fund.

The Statements of Changes in Fiduciary Net Position – OPEB Trust Fund reports additions to and deductions from the OPEB Trust Fund.

The Notes are an integral part of the Authority's basic financial statements and provide additional information on certain components of the financial statements.

FINANCIAL CONDITION OVERVIEW

The Authority's Statements of Net Position as of December 31, 2019, 2018 and 2017 are summarized below:

		2019		2018		2017
				(Thousands)		
ASSETS & DEFERRED OUTFLOWS OF RESOURCES				Restated–See Note 15		
Capital assets	**$**	**5,120,393**	$	5,056,884	$	4,832,022
Current assets		**1,195,125**		1,726,338		2,618,394
Other noncurrent assets		**4,484,897**		4,824,761		4,816,240
Deferred outflows of resources		**968,477**		949,737		933,758
Total assets & deferred outflows of resources	**$**	**11,768,892**	$	12,557,720	$	13,200,414
LIABILITIES & DEFERRED INFLOWS OF RESOURCES						
Long-term debt - net	**$**	**6,901,130**	$	7,355,557	$	7,897,142
Current liabilities		**689,318**		700,887		863,865
Other noncurrent liabilities		**1,475,730**		1,345,046		1,182,967
Deferred inflows of resources		**637,638**		859,348		1,135,173
Total liabilities & deferred inflows of resources	**$**	**9,703,816**	$	10,260,838	$	11,079,147
NET POSITION						
Net investment in capital assets	**$**	**2,041,105**	$	1,955,185	$	1,523,505
Restricted for debt service		**7,963**		7,322		32,430
Restricted for capital projects		**135**		280		1,284
Unrestricted		**15,873**		334,095		564,048
Total net position	**$**	**2,065,076**	$	2,296,882	$	2,121,267
Total liabilities, deferred inflows of resources & net position	**$**	**11,768,892**	$	12,557,720	$	13,200,414

2019 COMPARED TO 2018

The primary changes in the Authority's financial condition as of December 31, 2019 and 2018 were as follows:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows of resources decreased $788.8 million during 2019 due to decreases of $531.2 million in current assets and $340.0 million in other noncurrent assets. These decreases were offset by increases of $63.5 million in capital assets and $18.7 million in deferred outflows of resources.

The increase in capital assets of $63.5 million was due to net utility plant increase of $580.1 million partially offset by a decrease in construction work in progress (CWIP) of $514.5 million. The increase resulted mainly from CWIP transfers to net utility plant for ash handling conversion equipment installed to meet the Coal Combustion Residual Rule (CCR Rule) and Effluent Limitations Guidelines and Standards (ELG Rule) established by the United States Environmental Protection Agency (EPA). Solid waste landfill transfers also added to the increase.

The decrease in current assets of $531.2 million was primarily due to decreases in unrestricted cash and investments of $468.5 million. These decreases were for debt service payments, funding the current year cash defeasances and capital expenditures. Receivables decreased $24.6 million primarily from a drop in the fuel receivable due to lower refined coal production in 2019. Further decreases were provided by prepaid expenses and other current assets of $25.6 million, largely from current year amortization of a portion of the remaining balance of assets from a cancelled coal-fired generation project in Florence County, South Carolina. Regulatory assets-nuclear also decreased $13.6 million from amortization differences, between years, resulting from the current year debt defeasance.

The decrease in other noncurrent assets of $340.0 million was primarily due to amortization of regulatory assets-nuclear of $365.6 million as a result of the 2019 debt defeasances as well as capital expenditures. Reduction of assets from a cancelled coal-fired generation project in Florence County, South Carolina and economic development receivable reductions of $18.7 million also added to the decrease. Somewhat offsetting this decrease was an increase in cost to be recovered from future revenues (CTBR) of $48.7 million due to net depreciation and amortization not collected in rates and a residual write-off of an adjustment to the 2014 CTBR balance.

Deferred outflows of resources increased $18.7 million largely due to an increase in deferred outflows – OPEB due to the current year actuarial study.

Liabilities, Deferred Inflows of Resources & Net Position

Liabilities & deferred inflows of resources decreased $557.0 million due to decreases of $454.4 million in long-term debt, $11.6 million in current liabilities and $221.7 million in deferred inflows of resources. These decreases were offset by an increase in other noncurrent liabilities of $130.7 million.

Long-term debt net decreased $454.4 million primarily due to a cash bond defeasance of $345.2 million as well as $121.8 million for transfers to current portion of long-term debt. Unamortized debt discounts and premiums decreased $26.3 million for amortization of discounts and premiums as well as defeasance activity. These decreases were offset by transfers of $19.7 million of short-term revolving credit agreements to long-term revolving credit agreements. Also, the net impact of the 2019A Refunding provided an increase of $19.2 million.

The decrease in current liabilities of $11.6 million was due to decreases in commercial paper and accounts payable of $31.5 million and $72.6 million, respectively. These decreases were offset by increases of $25.8 million in current portion of long-term debt and $65.0 million in the current portion of the Cook case legal settlement payable (see note 16).

The increase in other noncurrent liabilities of $130.7 million was primarily due to an increase in the noncurrent portion of the Cook case legal settlement payable (see note 16).

Deferred inflows of resources decreased $221.7 million largely due to amortization of $259.2 million of the Regulatory Inflows - Toshiba Settlement to align with utilizing settlement funds to fund the current year debt defeasances.

The decrease in net position of $231.8 million was mainly due to decreases in unrestricted net position of $318.2 million. Offsets to these increases were increases in capital assets of $85.9 million.

2018 Compared to 2017

The primary changes in the Authority's financial condition as of December 31, 2018 and 2017 were as follows:

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources decreased $642.7 million during 2018 due to decreases of $892.1 million in current assets. These decreases were offset by increases of $224.9 million in capital assets, $8.5 million in other noncurrent assets and $16.0 million in deferred outflows of resources.

The increase in capital assets of $224.9 million was due to net CWIP additions of $253.6 million partially offset by a net decrease in utility plant of $26.9 million. The increase resulted from additions to solid waste landfills, the Rainey Generating Station's contract service agreement and the Pomeria-Orangeburg transmission line.

The decrease in current assets of $892.1 million was primarily due to decreases in unrestricted cash and investments as well as restricted cash and investments of $522.7 million and $162.4 million, respectively. These decreases were for debt service payments, funding the current year cash defeasances and capital expenditures. Also contributing were decreases of $183.4 million in fossil fuel inventory primarily due to lower coal purchases during 2018, $43.2 million in prepaid expenses and other current assets largely due to the current year amortization of a portion of the remaining balance of assets from a cancelled coal-fired generation project in Florence County, South Carolina. These decreases were offset by an increase in regulatory assets – nuclear of $14.4 million. The remaining $5.2 million was an increase resulting from the net change in receivables, materials inventory, nuclear fuel and interest receivable.

The increase in other noncurrent assets of $8.5 million was primarily due to residual changes within various noncurrent asset accounts.

The increase in deferred outflows of resources of $16.0 million was due to increases in regulatory assets – asset retirement obligation.

Liabilities, Deferred Inflows of Resources & Net Position

Liabilities & deferred inflows of resources decreased $818.3 million due to decreases of $541.6 million in long-term debt, $163.0 million in current liabilities and $275.8 million in deferred inflows of resources. These increases were offset by increases of $162.1 million in other noncurrent liabilities.

Net long-term debt decreased $541.6 million primarily due to a cash defeasance of $357.7 million of bonds as well as $66.1 million for transfers to current portion of long-term debt. Unamortized debt discounts and premiums decreased $30.4 million for amortization of discounts and premiums and $13.9 million in removals from defeasance activity. Further decreases were provided by transfers of $76.2 million of long-term revolving credit agreements to short-term revolving credit agreements.

The decrease in current liabilities of $163.0 million was due to decreases in short-term revolving credit agreements of $132.8 million and accounts payable of $73.4 million. These decreases were offset by increases of $14.9 million in current portion of long-term debt and $29.4 million in commercial paper.

The increase in other noncurrent liabilities of $162.1 million was primarily due to the increase in the OPEB liability of $158.2 million recorded as a result of the implementation of GASB 75.

Deferred inflows of resources decreased $275.8 million largely due to amortization of $272.8 million of the Regulatory Inflows - Toshiba Settlement to align with utilizing settlement funds to fund the current year debt defeasances.

The increase in net position of $175.6 million was mainly due to increases in net investment in capital assets of $431.7 million. Offsets to these increases were decreases in unrestricted net position of $230.0 million as well as decreases in restricted for debt service of $25.1 million due to changes in accrued interest on long-term debt and reductions in the bond and debt service funds.

RESULTS OF OPERATIONS

Santee Cooper's Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2019, 2018 and 2017 are summarized as follows:

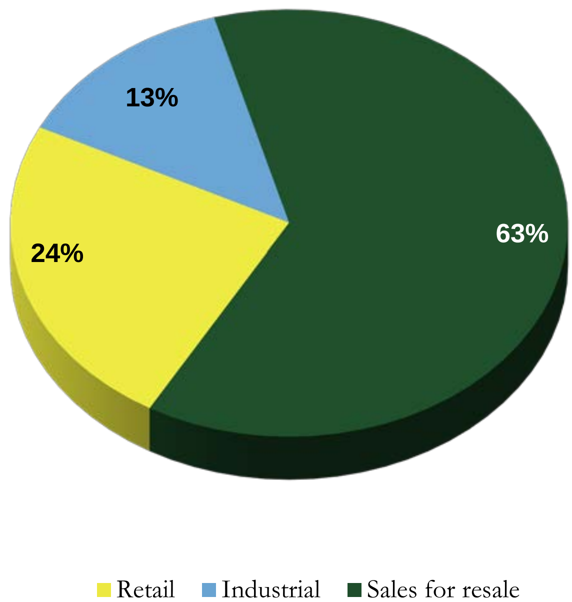
		2019		2018		2017
				(Thousands) Restated–See Note 15		
Operating revenues	**$**	**1,722,676**	$	1,806,620	$	1,756,983
Operating expenses		**1,319,872**		1,400,061		1,357,171
Operating income		**402,804**		406,559		399,812
Interest and amortization expense		**(356,641)**		(365,805)		(260,909)
Costs to be recovered from future revenue		**48,681**		(4,286)		(4,339)
Other income (expense)		**(109,154)**		156,544		(25,882)
Capital contributions, transfers, & special item		**(217,496)**		(17,397)		(17,751)
Change in net position	**$**	**(231,806)**	$	175,615	$	90,931
Net position - beginning of period		**2,296,882**		2,121,267		2,030,336
Ending net position – as restated	**$**	**2,065,076**	$	2,296,882	$	2,121,267

2019 Compared to 2018

Operating Revenues

As compared to 2018, operating revenues decreased $83.9 million (5%) primarily due to lower fuel rate revenues. Lower energy sales (2%) and demand usage (1%), resulting from milder weather than prior year, also contributed to the decrease. Energy sales for 2019 totaled approximately 23.2 million megawatt hours (MWhs) as compared to approximately 23.7 million MWhs for 2018.

2019 Revenues from Sales of Electricity*
by Customer Class

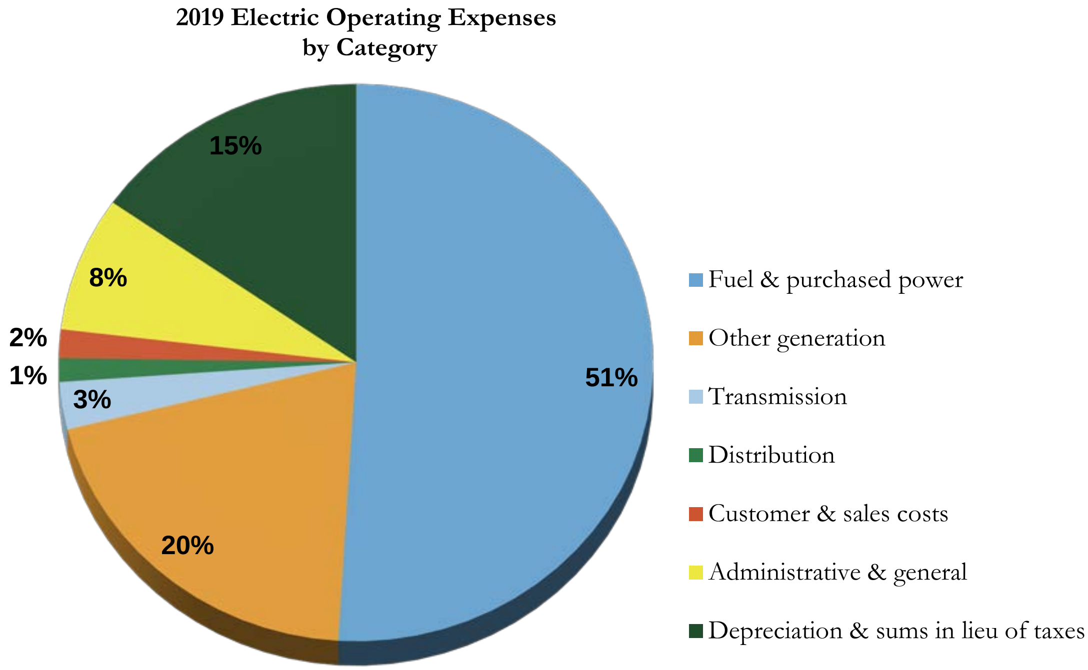


		2019		2018		2017
Revenues from Sales of Electricity*				(Thousands)		
Retail	**$**	**407,419**	$	428,820	$	407,752
Industrial		**224,967**		245,117		235,068
Sales for resale		**1,062,056**		1,106,826		1,089,472
Totals	**$**	**1,694,442**	$	1,780,763	$	1,732,292

*Excludes interdepartmental sales of $613 for 2019, $555 for 2018 and $530 for 2017.

Operating Expenses

Operating expenses for 2019 decreased $80.2 million (6%) as compared to 2018. The main drivers were lower net fuel and purchased power expense which decreased $124.0 million. This was due to lower kWh sales and lower commodity prices in the current year. Somewhat offsetting these decreases were higher other generation costs of $25.7 million from materials, accrual of landfill closure and post-closure costs, a nuclear decommissioning credit in the prior year and Dominion Energy's voluntary retirement program and merger integration costs. Further offsetting these decreases were administrative & general increases of $3.6 million due to professional services as well as depreciation increases of $10.8 million from assets placed into service in the current year.



	2019	2018	2017
Electric Operating Expenses		(Thousands)	
Fuel & purchased power	**$ 669,502**	$ 793,456	$ 760,696
Other generation	**264,844**	239,155	224,748
Transmission	**36,217**	33,524	32,762
Distribution	**17,925**	18,275	15,379
Customer & sales costs	**21,873**	20,311	28,112
Administrative & general	**102,914**	99,324	105,647
Depreciation & sums in lieu of taxes	**200,599**	189,795	184,203
Totals	**$ 1,313,874**	$ 1,393,840	$ 1,351,547

Net Below the Line Items

- Other income decreased $265.7 million resulting from higher net amortization of the regulatory assets-nuclear over the deferred inflows-Toshiba settlement. The amortization was to align with impacts from current year debt defeasances as well as capital expenditures.

- Interest and amortization expense for 2019 was $9.2 million lower primarily from the 2018 and 2019 debt defeasances.

- Capital contributions, transfers and special items represent dollars paid to the State as well as a current year special item. The payment to the State, which is based on a percentage of total budgeted revenues was in-line with the prior year. A special item was recorded in 2019 for the Cook case legal settlement of $200.0 million (see Note 16 – *Special Item*).

2018 Compared to 2017

Operating Revenues

As compared to 2017, operating revenues increased $49.6 million (3%) primarily due to higher energy sales (4%) largely resulting from cold weather in January due to winter storm Grayson. Also contributing to the increase in operating revenues were higher wholesale demand and fuel rates. Energy sales for 2018 totaled approximately 23.7 million megawatt hours (MWhs) as compared to approximately 22.8 million MWhs for 2017.

Operating Expenses

Operating expenses for 2018 increased $42.3 million (3%) as compared to 2017. The main drivers were fuel cost and purchased power expense which increased by $32.8 million due to higher kWh sales, higher natural gas prices and a shift in generation mix. Also contributing to the increase in operating expenses were other generation costs of $14.4 million from: contract services primarily from Fluor charges to maintain Summer Nuclear Units 2 and 3 and a higher number of outages than prior year; and Summer nuclear expenses which resulted from higher labor costs due to the absorption of Summer Nuclear Units 2 and 3 employees, as well as a prior year Department of Energy reimbursement for spent fuel movement. Somewhat offsetting these increases were lower sales promotion of $6.7 million from higher accrual of Santee Cooper Economic Development Investment Fund and Site Readiness Funds in the prior year.

Net Below the Line Items

- Other income increased $182.4 million mainly from the amortization of the regulatory inflows – Toshiba Settlement to align with the use of the funds from the Toshiba Settlement Agreement to fund debt defeasance and capital expenditures.

- Interest expense for 2018 was $104.9 million higher primarily due to 2017 cessation of capitalized interest associated with the suspension of Summer Nuclear Units 2 and 3.

- Capital contributions and transfers represent dollars paid to the State. This payment, which is based on a percentage of total budgeted revenues was in-line with the prior year.

ECONOMIC CONDITIONS

The Authority and the electric industry continue to face economic and industry challenges that impact the competitiveness and financial condition of the utility. As market conditions fluctuate, the Authority's mission continues to be to deliver low-cost and reliable electricity and water to its customers.

To address these challenges, the Authority has developed business growth initiatives that revolve around four strategic initiatives - marketing, product development, project management and competitive rates. The Authority is marketing industrial and commercial properties that are served directly by the Authority and its Electric Cooperative partners and municipal customers. Product development activities include the creation and/or improvement of industrial properties, the acquisition of property, expansion of infrastructure into funding for industrial properties, and/or constructing buildings for industrial use. Since June 2012, the Authority has invested over $105 million throughout South Carolina in product development activities through low interest revolving loans to public entities. In addition, the Authority created two additional funds to further improve the readiness of industrial sites in the Electric Cooperatives' and municipal customers' territories, directly or indirectly served by Santee Cooper. Approvals through 2019 total more than $11.5 million from the municipal site readiness fund and over $32.0 million from the South Carolina Power Team Site Readiness Fund. Funding for these programs was extended through 2020 by the Authority's Board of Directors.

In May 2015, Swedish automaker Volvo announced that it would build its first U.S. factory in Berkeley County, S.C., spending up to $500.0 million on a plant with an initial capacity of 100,000 vehicles a year. The Authority worked with the State, Berkeley County and the Electric Cooperatives to recruit Volvo to this site. The manufacturing site is served by Edisto Electric Cooperative, a member of Central. In September 2017 Volvo announced a $500.0 million expansion of the plant that included an additional 1,900 jobs bringing the total capital investment to $1.0 billion and 3,900 jobs. Volvo began full production of their first American made car in 2018 and Volvo is on schedule to begin production from the announced expansion in 2021. The Authority owns approximately 3,900 acres adjacent to the Volvo site and is currently developing the property according to the master plan as an industrial park. The Volvo project, as well as the industrial park development, is proceeding as planned.

The Authority's commitment to economic development efforts along with the State and support of its Electric Cooperatives also brought additional announcements of business growth projects during 2019, including DHL Supply Chain in Dorchester County, Muffin Mam in the City of Laurens, Spectrum Quartz in Dillon County, among many others.

The Authority's largest customer, Central, accounted for 58.7 percent of sales revenues in 2019. Central provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central pursuant to long-term all requirements power supply agreements. In September 2009, Central and the Authority entered into an agreement ("September 2009 Agreement") that, among other things, allowed Central to transition the portion of power and energy requirements of the five former Saluda members, the ("Upstate Load"), directly connected to the transmission system of Duke Energy Carolinas, LLC to another supplier. In January 2013, Central began transitioning the Upstate Load to Duke Energy Carolinas, a subsidiary of Duke Energy Corporation, ("Duke"). The load transition was complete on January 1, 2019 and amounted to approximately 900 MW. Nothing precludes the Authority from serving this load when the Duke agreement ends on December 31, 2030.

In May 2013, the Authority and Central agreed to extend their termination rights as noted in the September 2009 Agreement until December 31, 2058 ("Coordination Agreement"). Under the Coordination Agreement 10-year rolling notice provision, for a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. Central has entered into requirement agreements with all 20 of its member cooperatives that extends through December 31, 2058 and obligate those members to pay their share of Central's costs, including costs paid under the Coordination Agreement. Certain matters between the Authority and Central relating to the nuclear project are the subject of litigation, however, the parties continue to conduct business pursuant to the terms of the Coordination Agreement.[1]

[1] See Footnote 10 – "Legal Matters" for a description of a litigation under the subheading *"Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, Palmetto Elec. Coop., & Central Elec. Pwr. Coop"* for a description of Central's cross-claim against the Authority seeking, among other things, (i) a declaratory judgment that Santee Cooper breached the Coordination Agreement and (ii) an award of 70% of the lump sum payment Santee Cooper received from Citibank, N.A. under the Assignment and Purchase Agreement described under Footnote 7 – "Summer Nuclear Station – Summer Nuclear Units 2 and 3".

Legislative Matters

On May 22, 2019, the Governor signed Act No. 95 ("Act 95") of 2019 (H.4287), a joint resolution that was passed by the South Carolina General Assembly.

Act 95 directed the State's Department of Administration (the "DOA") to conduct a competitive bid process in order to allow the State's General Assembly to consider options to sell, manage or reform the Authority. In order to prepare its report, the DOA hired expert consultants to assist it with its responsibility to conduct a competitive bid process under Act 95. These experts included its lead financial advisor Moelis & Company, its legal advisor Gibson, Dunn and Crutcher, LLP, and energy advisor Energy + Environmental Economics (E3). Under Act 95, the DOA and its experts were required to provide its report to the South Carolina General Assembly on January 15, 2020, however, the DOA exercised a one-time sixty-day extension provided for in Act 95.

On February 11, 2020, the DOA issued its report and presented an evaluation of a Santee Cooper reform proposal (the "Reform Plan") and selected a management proposal from Dominion Energy, Inc. and a sale proposal from NextEra Energy, Inc.

Under Act 95, within 30 days of the receipt of DOA's report the respective House and Senate committees of jurisdiction made a recommendation to their respective legislative bodies, which was to reject all of DOA's recommendations. After the committee vote in the Senate, the Finance committee and the Judiciary committee each held hearings related to reforming Santee Cooper. The House Ways and Means committee has proposed legislation that would both reform Santee Cooper and continue further negotiations with NextEra outside of the scope of Act 95. Debate and discussions related to reforming Santee Cooper and further discussions about Santee Cooper's future are expected throughout the remainder of the legislative session.

The 2020 regular session of the South Carolina General Assembly runs from Tuesday, January 14, 2020, until Thursday, May 14, 2020, and may be extended by resolution.

Governor McMaster has recommended two appointments to the Santee Cooper board that are pending in the 2020 legislative session. On March 27, 2019, the SC Senate received Governor McMaster's nomination of Phyllis Beighley to serve as a board member from the 2nd congressional district, and, on March 20, 2019, the SC Senate received Governor McMaster's nomination of Stephen Mudge, a current at large board member, to serve as a board member from the 3rd congressional district.

Capital Improvement Program

The purpose of the capital improvement program is to continue to meet the energy and water needs of the Authority's customers with economical and reliable service. The Authority's three-year budget for the capital improvement program approved in 2019, 2018 and 2017 was as follows:

Approved in:	**2019**	2018	2017
	Budget 2020-22	Budget 2019-21	Budget 2018-20
Capital Improvement Expenditures		(Thousands)	
Environmental compliance [1]	**$ 147,633**	$ 188,699	$ 333,534
New Load & Resource Plan [2]	**72,018**	0	0
General improvements and Other [3]	**623,752**	559,519	533,021
Summer Nuclear Units 2 and 3 [4]	**0**	0	6,994
Totals	**$ 843,403**	$ 748,218	$ 873,549

1. Environmental Compliance is composed of project costs associated with ash pond closures and solid waste landfill.
2. Reflects future generation and transmission costs associated with the load and resource plan in accordance with Santee Cooper's Reform Plan as described above in Legislative Matters.
3. Budget 2020-22 reflects acceleration of Advanced Metering Infrastructure and FERC Relicensing costs. Other includes Camp Hall and Renewables.
4. Construction suspended in July 2017. Budget 2018-20 reflects ramp down cost estimates in year 2018.

As determined by the Authority, the capital improvement program will be funded from revenues, additional revenue obligations, commercial paper, internal funding sources and other short-term obligations.

SUMMER NUCLEAR UNITS 2 AND 3

Timeline of Events Relative to Summer Nuclear Units 2 and 3

2008. In January of 2008, the Authority approved a generation resource plan that included the development of two new 1,117 MW nuclear generating units (individually, "Summer Nuclear Unit 2" and "Summer Nuclear Unit 3" and together, "Summer Nuclear Units 2 and 3") at the V.C. Summer Nuclear Generating Station. Summer Nuclear Units 2 and 3 would be jointly-owned by the Authority (45% ownership interest) and, at the time, SCE&G (now known as Dominion) (55% ownership interest) (together, the "Owners").

The cost of Summer Nuclear Units 2 and 3 was originally estimated to be approximately $9.8 billion. Based on its 45% ownership interest, the Authority's portion of the cost to construct Summer Nuclear Units 2 and 3 was approximately $4.4 billion. The Authority's funding sources for Summer Nuclear Units 2 and 3 consisted of the proceeds of Revenue Obligations issued pursuant to the Revenue Obligation Resolution between 2008 and 2016 and currently outstanding in the aggregate principal amount of $3,626,928,000 as of December 31, 2019.

In March of 2008, SCE&G applied to the NRC for Combined Construction and Operating Licenses (the "COLs") to build Summer Nuclear Units 2 and 3. In May of that year, SCE&G, acting for itself and as agent for the Authority, entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a contractor consortium consisting of Westinghouse and Stone & Webster, Inc. ("Stone & Webster" and together with Westinghouse, the "Consortium"), a wholly-owned subsidiary of Shaw. Under the EPC Agreement, the Consortium would supply, construct, test and start up Summer Nuclear Units 2 and 3, with guaranteed substantial completion dates of April 2016 for Summer Nuclear Unit 2 and January 2019 for Summer Nuclear Unit 3. In addition, Westinghouse's indirect parent company, Toshiba Corporation ("Toshiba"), provided a guaranty of Westinghouse's payment obligations under the EPC Agreement (the "Guaranty") and Stone & Webster's parent company, Shaw, likewise provided a guaranty of Stone & Webster's payment obligations under the EPC Agreement.

The Authority and SCE&G, in turn, would pay, in proportion to their respective ownership interests in Summer Nuclear Units 2 and 3, a contract price of $6,366,900,000, subject to certain fixed price escalations and adjustments, adjustments for change orders and bonuses, and adjustments for cost overruns. The Authority and SCE&G would also pay costs associated with ancillary project facilities, staffing, project management and oversight by SCE&G and the Authority.

Summer Nuclear Units 2 and 3 were to be completed in two phases. Phase I of the work consisted of the Consortium's engineering support and other services required by the Owners to support licensing efforts for Summer Nuclear Units 2 and 3 (including receipt of approvals from the PSC), continuation for design work, project management, engineering and administrative support to procure long lead time equipment, construction mobilization, site preparation, site infrastructure development, and installation of construction facilities ("Phase I"). Phase II consisted of the remainder of the work required to supply, construct, test and start up Summer Nuclear Units 2 and 3 ("Phase II"). Phase I commenced in May of 2008.

2012. In March of 2012, the NRC issued the COLs with certain conditions for Summer Nuclear Units 2 and 3. The Authority and SCE&G submitted an overall integration plan to the NRC for Summer Nuclear Units 2 and 3 in August of 2013 in order to meet these conditions.

Phase I was completed in April of 2012 with the issuance of a Full Notice to Proceed by the Owners following receipt of the COLs. Also, in April, the Authority approved a construction budget for Summer Nuclear Units 2 and 3 of $5,148,948,000 including related transmission and initial nuclear fuel cores.

During the course of activities under the EPC Agreement, issues materialized that affected the budget and schedule for Summer Nuclear Units 2 and 3. The Consortium made claims to the Owners for additional costs relating to delays in receiving the COLs, design modifications of the shield building and certain pre-fabricated structural modules and unanticipated rock conditions at the site of Summer Nuclear Units 2 and 3. In July of 2012, the Owners agreed to a financial settlement with the Consortium, with the Authority's share (based on its 45% ownership interest) equaling approximately $113 million. As a result of the settlement, the guaranteed substantial completion dates were changed to March 2017 for Summer Nuclear Unit 2 and May 2018 for Summer Nuclear Unit 3.

Subsequent to July 2012, the Consortium continued to experience delays in constructing Summer Nuclear Units 2 and 3 due to incomplete engineering and the schedule for fabrication and delivery of the sub-modules. As a result of these delays, the anticipated substantial completion dates were further revised by the Consortium to December 2017-March 2018 for Summer Nuclear Unit 2 and March 2019 for Summer Nuclear Unit 3. These revised dates were not accepted by the Owners as new guaranteed substantial completion dates.

2013 and 2014. Stone & Webster was sold by Shaw to Chicago Bridge & Iron Company ("CB&I") in February of 2013. Shaw's parental guaranty of Stone & Webster's payment obligations under the EPC Agreement was replaced by a parental guaranty from CB&I as part of the transaction.

First nuclear concrete was placed on Summer Nuclear Unit 2 in March of 2013 and on Summer Nuclear 3 in November of 2013. In August 2014, SCE&G and the Authority received a preliminary cost estimate associated with the schedule delays at Summer Nuclear Units 2 and 3 of approximately $1.2 billion for non-firm and non-fixed scopes of work. The anticipated substantial completion dates for Summer Nuclear Units 2 and 3 were also further revised by the Consortium to June 2019 for Summer Nuclear Unit 2 and June 2020 for Summer Nuclear Unit 3. These revised dates were not accepted by the Owners as new guaranteed substantial completion dates.

2015 and 2016. In August of 2015, legal representatives for the Owners executed a Professional Services Agreement with Bechtel Power Corporation, an engineering, procurement, construction, and project management company ("Bechtel"). In February of 2016, Bechtel released its report, identifying significant issues facing Summer Nuclear Units 2 and 3 and recommending corrective actions in the areas of project management, engineering, procurement, construction and project controls and startup.

In October of 2015, the Owners and the Consortium amended the EPC Agreement, effective December 31, 2015 (the "2015 EPC Amendment"), to, among other things, resolve outstanding disputes, modify the Consortium structure to reflect the acquisition of Stone & Webster by Westinghouse, release by the Owners of the CB&I parent guaranty, modify other key terms, and further revise the guaranteed substantial completion dates for Summer Nuclear Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

In particular, the 2015 EPC Amendment: (i) resolved by settlement and release substantially all outstanding disputes between the Owners and the Consortium in exchange for: (a) an additional payment by the Owners of $300 million (the Authority's share (based on its 45% ownership interest) equaling $135 million) and (b) a credit to the Owners of approximately $50 million (the Authority's share (based on its 45% ownership interest) equaling approximately $23 million) applied to the target component of the contract price; (ii) capped the aggregate liquidated damages resulting from the Consortium's failure to comply with schedule guarantees at $463 million for each of Summer Nuclear Units 2 and 3 (adjusted to $338 million upon the exercise of the Fixed Price Option discussed below) (the Authority's share (based on its 45% ownership interest) after the adjustment equaling approximately $152 million); (iii) provided for Toshiba to reaffirm the Guaranty; and (iv) included an irrevocable option (the "Fixed Price Option") to fix the total amount to be paid to the Consortium for its entire scope of work on Summer Nuclear Units 2 and 3 (with some limited exclusions) after June 30, 2015 at $6.082 billion (the Authority's share (based on its 45% ownership interest) equaling approximately $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. SCE&G, on behalf of the Owners, exercised the Fixed Price Option in July of 2016.

In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba's credit ratings declined to below investment grade. As a result, in 2016, the Owners exercised their right under the EPC Agreement to demand, and Westinghouse, through Toshiba, provided, payment and performance bonds in the form of standby letters of credit totaling $45 million (the Authority's share (based on its 45% ownership interest) equaling $20.3 million).

In June of 2016, the Authority approved an approximate $1.1 billion increase in the Authority's construction budget for Summer Nuclear Units 2 and 3 from the approximate $5.1 billion approved on April 5, 2012 to approximately $6.2 billion, consisting of approximately $220 million for transmission, approximately $139 million for the initial fuel core and approximately $5.9 billion for construction of the units.

As of October 2016, the Authority had financed approximately $4.2 billion of its share of the construction costs of Summer Nuclear Units 2 and 3 using proceeds of Revenue Obligation issues sold beginning in 2008. The Authority intended to fund its remaining construction costs using the proceeds of additional Revenue Obligation and Commercial Paper Note issuances in calendar years 2017 through 2020, as well as proceeds from the sale of a five percent (5%) ownership interest in Summer Nuclear Units 2 and 3 to SCE&G. On December 27, 2016, Toshiba publicly announced a likely multi-billion dollar write-off associated with Westinghouse's acquisition of Stone & Webster.

2017. In February of 2017, Toshiba announced a $6.3 billion write-down on the value of Westinghouse, stemming from its two U.S. nuclear construction projects, Summer Nuclear Units 2 and 3 and Units 3 and 4 at the Vogtle nuclear power plant located in Burke County, Georgia ("Vogtle Nuclear Units 3 and 4"). A month later, Westinghouse and 29 affiliated companies filed a petition pursuant to Chapter 11 of the Bankruptcy Code (the "Petition") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

After the filing of the Petition, the Owners, led by SCE&G, conducted a comprehensive analysis regarding the continued viability of Summer Nuclear Units 2 and 3. The analysis revealed that: (i) the costs to complete Summer Nuclear Units 2 and 3 (including labor costs) would be much higher than previously expected; and (ii) the construction schedule would take much longer than previously expected. In particular, (i) the Owners' analysis estimated that completion of Summer Nuclear Units 2 and 3 would be delayed until 2023 for Summer Nuclear Unit 2 and 2024 for Summer Nuclear Unit 3 and (ii) the new cost estimate for Summer Nuclear Units 2 and 3 was over $25 billion, placing the Authority's 45% share at $11.4 billion ($8 billion in construction costs and $3.4 billion in interest expense), an increase from the then-current projected cost of $6.2 billion.

The Owners also entered into negotiations with Toshiba for the purpose of acknowledging and defining Toshiba's obligations under the Guaranty and establishing a schedule for the full payment of such obligations to the Owners. As a result, in July of 2017, the Owners and Toshiba entered into a Settlement Agreement (the "Toshiba Settlement Agreement") which included: (A) Toshiba's agreement: (i) that it would pay the Guaranty obligation in the amount of $2.168 billion (the Authority's share (based on its 45% ownership interest) equaling $975.6 million)), in accordance with a payment schedule commencing in 2017 and continuing through 2022; (ii) that payment of the Guaranty obligation would not be dependent on the completion of either or both of Summer Nuclear Units 2 and 3; (iii) that the Owners were not releasing any claims or rights against Westinghouse; and (iv) not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance Toshiba's financial condition; (B) the Owners' agreement: (i) that the distribution proceeds received from the Westinghouse bankruptcy proceeding would be a credit against the Guaranty; and (ii) not to exercise their remedies under the Guaranty, absent a default, until September 2022; and (C) Toshiba's and the Owners' agreement, along with Westinghouse and the owners of Vogtle Nuclear Units 3 and 4, to: (i) work towards an expeditious sale of Westinghouse, and (ii) enter into a consent order in the Bankruptcy Court that approved the assignment by Toshiba to the Owners and the owners of Vogtle Nuclear Units 3 and 4 of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba and any of Toshiba's rights against Westinghouse relating to loans and similar receivables.

On July 31, 2017, the Authority approved the wind-down and suspension of construction of Summer Nuclear Units 2 and 3 and the preservation and protection of the site and related components and equipment. SCANA approved similar action on the same day. To date, the Authority had spent approximately $4.7 billion in construction and interest costs. Upon suspending construction, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund Summer Nuclear Units 2 and 3 as of July 31, 2017.

In early September of 2017, the Owners filed two proofs of claim in unliquidated amounts in connection with the Westinghouse bankruptcy proceeding. On September 27, 2017, the Owners and Citibank, N.A. ("Citibank") entered into an Assignment and Purchase Agreement (the "Assignment and Purchase Agreement"), pursuant to which the Owners sold and assigned rights to receive payment under the Toshiba Settlement Agreement and rights, duties and obligations arising under the two proofs of claim filed in the Westinghouse bankruptcy proceeding to Citibank, in exchange for a purchase price of $1,847,075,400 (the Authority's share (based on its 45% ownership interest) equaling $831,183,930). Excluded from the sale was the initial $150 million payment (the Authority's share (based on its 45% ownership interest) equaling $67.5 million) received by the Owners under the Toshiba Settlement Agreement. On the same day, Citibank entered into an agreement with Citigroup Financial Products, Inc. ("CFPI") pursuant to which Citibank sold, assigned, and transferred to CFPI all of Citibank's rights, title and interest in the Assignment and Purchase Agreement to CFPI.

In December of 2017, SCE&G submitted a letter request to the NRC for approval to withdraw the COLs for Summer Nuclear Units 2 and 3. In response, the Authority submitted a letter to the NRC requesting that the NRC not take action until the Authority could evaluate the possible risks associated with taking on the nuclear licenses itself. However, in January of 2019, the Authority notified the NRC of its consent to SCE&G's request to terminate the COLs. The NRC approved the termination of the COLs in March of 2019.

2018 and 2019. In January of 2018, the Owners entered into Amendment No. 1 of the Toshiba Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement. These amendments had the effect of capping at $60 million the Owners' current obligation to reimburse CFPI for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3 (the Authority's share based on its 45% ownership interest equaling $27.0 million). Also, in January, the State's Department of Revenue ("DOR") notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 and 3 had been assigned for a sales and use tax audit. During a meeting in February, the DOR took the position that, because Summer Nuclear Units 2 and 3 had been abandoned and the facility was not completed and would not produce electricity, the materials for Summer Nuclear Units 2 and 3 were not tax-exempt and sales tax payments were due on previously tax-exempt purchases. In May, the DOR issued a proposed notice of assessment in the amount of $421 million. The Authority has submitted a protest to the notice of proposed assessment and continues to dispute the position that sales taxes are due and owing.

On March 28, 2018, the Bankruptcy Court entered an order confirming Westinghouse's Chapter 11 plan of reorganization (the "Plan of Reorganization"). The Plan of Reorganization provided for the sale of Westinghouse to Brookfield Business Partners, L.P. ("Brookfield") for $4.6 billion, which occurred in August of 2018. The Plan of Reorganization also provided for the creation of W. Wind Down Company, LLC ("Wind Down Company") for the purpose of administering Westinghouse's obligations under the Plan of Reorganization along with a committee known as the Plan Oversight Board to oversee and direct Wind Down Company in its implementation and administration of the Plan of Reorganization. The Westinghouse Plan of Reorganization also provided for the payment of claims made by allowed general unsecured creditors in an amount equal to the lesser of: (i) their pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Under the Plan of Reorganization, creditors providing materials and services at the site of Summer Nuclear Units 2 and 3 were classified as Class 3A General Unsecured Creditors. In December of 2018, an initial distribution was made on behalf of the Westinghouse estate to Class 3A General Unsecured Creditors equaling approximately 25% of the allowed amount of each claim. Subsequently, a catch-up payment was made representing 75% of the allowed amount of each claim. Representatives of Wind Down Company, represented to the Owners that funds have been reserved to pay 100% of the presently disputed claims by the Class 3A General Unsecured Creditors if such claims were to become Allowed Claims, consistent with Section 8.7 of the Plan of Reorganization. In the event that such disputed claims are not paid in full from the Westinghouse estate, the Class 3A General Unsecured Creditors could claim that the Authority is liable for payment under a mechanic's lien theory.

In June of 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation (MPD) Program to preserve the equipment relative to Summer Nuclear Units 2 and 3 for sale. The Authority contracted with Fluor to perform an assessment of the condition of the equipment and to implement an MPD Program to help protect its value. Fluor began this scope of work in July of that year. The Authority has since approved an extension of the MPD Program through the end of 2019. The Authority spent $4.2 million for work performed in 2018 and has spent $5.0 million for work performed in 2019 to preserve the equipment.

On August 30, 2018, the Owners filed with the Westinghouse bankruptcy proceeding a "Request for Allowance and Payment of Administrative Claim by South Carolina Electric & Gas Company and South Carolina Public Service Authority for Overpayment to the Debtors under the Interim Assessment Agreement Entered in Connection with the VC Summer Project." ("Administrative Claim") That Administrative Claim was objected to by Wind Down Company on April 30, 2019. Wind Down Company provided the Owners two voluntary partial refunds of overpayments of $5,328,046.00 and $2,677,420.08 on April 19, 2019 and July 10, 2019, respectively (the Authority's share of the partial refunds based on its 45% ownership interest equaling $3,602,459.74).

In January of 2019, SCANA and its subsidiaries, including SCE&G, merged with Dominion. Through the merger, SCANA became a wholly-owned subsidiary of Dominion.

On December 23, 2019, the Owners entered into a Settlement Agreement with Wind Down Company, CFPI, and the Plan Oversight Board, under which the Owners would withdraw their Administrative Claim in full and with prejudice, and Wind Down Company would transfer $60 million to CFPI in complete and full satisfaction Owners' then-current obligation to reimburse CFPI under the Assignment and Purchase Agreement for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3.

Financing Activities

There were two financial transactions during 2019. The Authority entered into a cash defeasance where cash was deposited into an Escrow Account to fund maturities coming due January 1, 2020 through January 1, 2040. The resulting defeasance included the removal of approximately $360.1 million in debt outstanding. The principal and interest net debt service savings for years impacted by the transaction are approximately $507.2 million. The Authority also entered into a refunding to refinance maturities coming due January 1, 2020 through January 1, 2036. The principal and interest net debt service savings for years impacted by the refunding are approximately $40.0 million.

Liquidity and Capital Resources

The Authority has significant cash flow from operating activities, access to capital markets, bank facilities and special funds deposit balances.

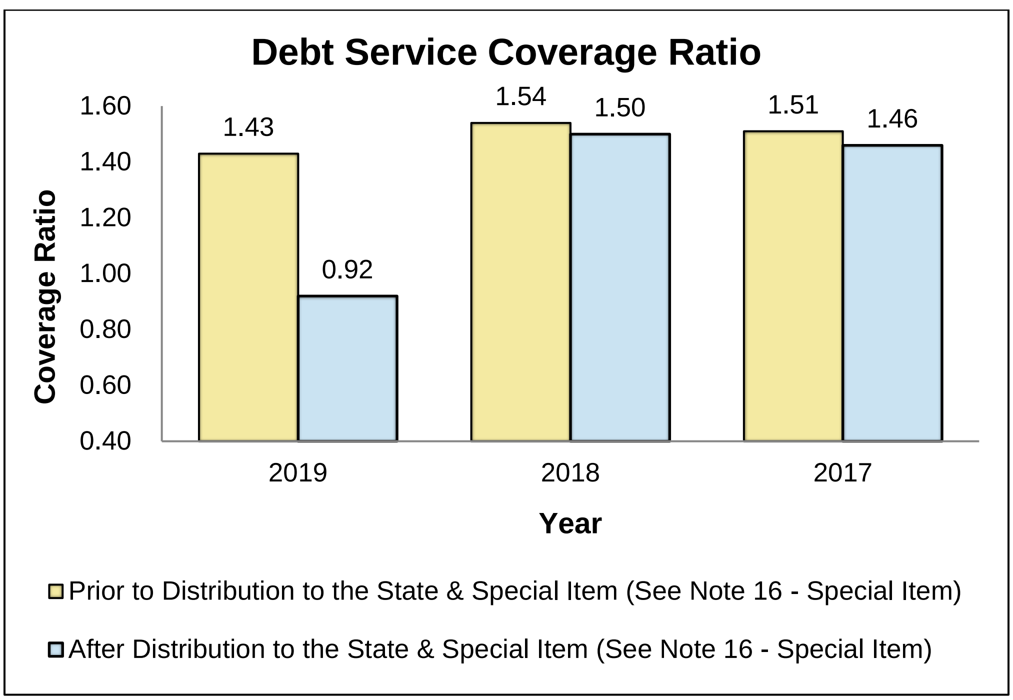
At December 31, 2019, the Authority had $697.8 million of cash and investments, of which $481.4 million was available for liquidity purposes to fund various operating, construction, debt service and contingency requirements. Balances in the decommissioning funds totaled $230.9 million.

The Authority has entered into a Reimbursement Agreement and secured an irrevocable direct-pay letter of credit with Bank of America, N.A. to support the issuance of commercial paper notes totaling $200.0 million as of December 31, 2019. As of December 31, 2019, the Authority had $142.4 million of commercial paper notes outstanding.

To obtain other funds for capital projects and general operating expenses if needed, the Authority has entered into Revolving Credit Agreements with each of Barclays Bank PLC, TD Bank, N.A., and JP Morgan Chase Bank, N.A., respectively. These agreements allow the Authority to borrow up to a total of $650.0 million and expire at various dates in 2020 and 2021. At December 31, 2019, the Authority had borrowings totaling $135.3 million outstanding under the Revolving Credit Agreements.

Debt Service Coverage

The Authority's debt service coverage (excluding commercial paper and other) for the years ended December 31, 2019, 2018 and 2017 is shown below:



Bond Ratings

Bond ratings assigned by various agencies as of December 31, 2019, 2018 and 2017 were as follows:

Agency / Lien Level	2019	2018	2017
Fitch Ratings			
Revenue Obligations	**A-**	A-	A+
Commercial Paper[1]	**F1+**	F1+	F1/F1+
Outlook	**Negative**	Negative	Stable
Moody's Investors Service, Inc.			
Revenue Obligations	**A2**	A2	A1
Commercial Paper[1]	**P-1**	P-1	P-1
Outlook	**Negative**	Negative	Stable
Standard & Poor's Rating Services			
Revenue Obligations	**A**	A+	A+
Commercial Paper[1]	**A-1**	A-1	A-1/A-1+
Outlook	**Negative**	Negative	Stable

[1] In 2017, the Authority entered into Direct Pay Letters of Credit issued by various banks supporting the commercial paper program. The banks issuing the Letters of Credit have various ratings assigned by the rating agencies.

Bond Market Transactions for Years 2019, 2018 and 2017

YEAR 2019

Variable Rate Revenue Obligations:	**2019 Tax-exempt Refunding Series A**	**Par Amount:**	$ 163,005,000
Purpose:	Refund all 2004 Series M through 2016 Series M1 Current Interest-Bearing Bonds and Capital Appreciation Bonds.	**Date Closed:**	November 21, 2019
Comments:	Tax-exempt bonds that will bear interest at weekly rates.		

YEAR 2018

No Bond Market Transactions - South Carolina Public Service Authority did not issue any Revenue Bond Obligations in 2018.

YEAR 2017

No Bond Market Transactions - South Carolina Public Service Authority did not issue any Revenue Bond Obligations in 2017.

Requests For Information

This financial report is designed to provide a general overview of the South Carolina Public Service Authority's finances for all those with an interest in the South Carolina Public Service Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Suzanne H. Ritter, Controller, South Carolina Public Service Authority, P.O. Box 2946101, Moncks Corner, SC 29461-6106.

Statements of Net Position - Business - Type Activities

South Carolina Public Service Authority
As of December 31, 2019 and 2018

		2019		2018
		(Thousands)		
ASSETS				(Restated)
Current assets				
Unrestricted cash and cash equivalents	$	**311,070**	$	475,601
Unrestricted investments		**170,309**		474,269
Restricted cash and cash equivalents		**54,520**		53,600
Restricted investments		**16,104**		18,666
Receivables, net of allowance for doubtful accounts of $2,331 and $2,073 at December 31, 2019 and 2018, respectively		**201,037**		225,636
Materials inventory		**141,962**		138,447
Fuel inventory				
Fossil fuels		**134,638**		123,859
Nuclear fuel - net		**98,586**		110,250
Interest receivable		**2,449**		2,308
Regulatory Assets - nuclear		**792**		14,419
Prepaid expenses and other current assets		**63,658**		89,283
Total current assets		**1,195,125**		1,726,338
Noncurrent assets				
Restricted cash and cash equivalents		**158**		5,247
Restricted investments		**145,668**		130,714
Capital assets				
Utility plant		**8,380,775**		7,678,064
Long lived assets - asset retirement cost		**265,116**		265,116
Accumulated depreciation		**(4,055,811)**		(3,933,151)
Total utility plant - net		**4,590,080**		4,010,029
Construction work in progress		**502,651**		1,017,170
Other physical property - net		**27,662**		29,685
Investment in associated companies		**7,866**		7,162
Costs to be recovered from future revenue		**274,271**		225,590
Regulatory asset - OPEB		**153,235**		153,235
Regulatory assets - nuclear		**3,747,755**		4,113,348
Other noncurrent and regulatory assets		**155,944**		189,465
Total noncurrent assets		**9,605,290**		9,881,645
Total assets	$	**10,800,415**	$	11,607,983
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows – pension	$	**27,626**	$	41,859
Deferred outflow - OPEB		**48,384**		23,175
Regulatory asset-asset retirement obligation		**715,791**		710,326
Accumulated decrease in fair value of hedging derivatives		**52,375**		39,440
Unamortized loss on refunded and defeased debt		**124,301**		134,937
Total deferred outflows of resources	$	**968,477**	$	949,737
Total assets & deferred outflows of resources	$	**11,768,892**	$	12,557,720

The accompanying notes are an integral part of these financial statements.

Statements of Net Position - Business - Type Activities (continued)

South Carolina Public Service Authority
As of December 31, 2019 and 2018

		2019		2018
			(Thousands)	
LIABILITIES				(Restated)
Current liabilities				
Current portion of long - term debt	$	**89,285**	$	63,450
Accrued interest on long - term debt		**40,401**		46,383
Revolving credit agreement		**90,266**		86,234
Commercial paper		**142,351**		173,898
Accounts payable		**158,379**		230,970
Other current liabilities		**170,303**		99,952
Total current liabilities		**690,985**		700,887
Noncurrent liabilities				
Construction liabilities		**8,155**		21,504
Net OPEB liability		**186,714**		172,774
Net pension liability		**326,229**		338,128
Asset retirement obligation liability		**717,813**		716,666
Total long-term debt (net of current portion)		**6,542,812**		6,968,680
Unamortized debt discounts and premiums		**358,318**		386,877
Long-term debt-net		**6,901,130**		7,355,557
Other credits and noncurrent liabilities		**235,152**		95,974
Total noncurrent liabilities		**8,375,193**		8,700,603
Total liabilities	**$**	**9,066,178**	$	9,401,490
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	**$**	**24,896**	$	16,740
Deferred inflow - OPEB		**11,537**		249
Accumulated increase in fair value of hedging derivatives		**2,494**		1,414
Nuclear decommissioning costs		**232,494**		215,551
Regulatory inflows – Toshiba settlement		**366,217**		625,394
Total deferred inflows of resources	**$**	**637,638**	$	859,348
NET POSITION				
Net investment in capital assets	**$**	**2,041,105**	$	1,955,185
Restricted for debt service		**7,963**		7,322
Restricted for capital projects		**135**		280
Unrestricted		**15,873**		334,095
Total net position	**$**	**2,065,076**	$	2,296,882
Total liabilities, deferred inflows of resources & net position	**$**	**11,768,892**	$	12,557,720

Statements of Revenues, Expenses and Changes in Net Position - Business - Type Activities

South Carolina Public Service Authority

Years Ended December 31, 2019 and 2018

	2019	2018
	(Thousands)	
Operating revenues		(Restated)
Sale of electricity	$ **1,694,442**	$ 1,780,763
Sale of water	**9,257**	9,507
Other operating revenue	**18,977**	16,350
Total operating revenues	**1,722,676**	1,806,620
Operating expenses		
Electric operating expenses		
Production	**150,907**	147,353
Fuel	**476,853**	603,361
Purchased and interchanged power	**192,649**	190,095
Transmission	**27,008**	25,623
Distribution	**12,137**	13,426
Customer accounts	**15,514**	15,015
Sales	**6,359**	5,296
Administrative and general	**93,883**	90,326
Electric maintenance expenses	**137,965**	113,550
Water operating expenses	**3,405**	3,320
Water maintenance expenses	**923**	1,116
Total operating and maintenance expenses	**1,117,603**	1,208,481
Depreciation	**197,613**	186,950
Sums in lieu of taxes	**4,656**	4,630
Total operating expenses	**1,319,872**	1,400,061
Operating income	**402,804**	406,559
Nonoperating revenues (expenses)		
Interest and investment revenue	**7,922**	11,103
Net increase (decrease) in the fair value of investments	**7,550**	5,213
Interest expense on long-term debt	**(339,233)**	(356,259)
Interest expense on commercial paper and other	**(7,881)**	(5,581)
Amortization income (expense)	**(9,527)**	(3,965)
Costs to be recovered from future revenue	**48,681**	(4,286)
U.S. Treasury subsidy on Build America Bonds	**7,640**	7,612
Other - net	**(132,266)**	132,616
Total nonoperating revenues (expenses)	**(417,114)**	(213,547)
Income before transfers	**(14,310)**	193,012
Capital contributions, transfers and special item		
Distribution to the State	**(17,496)**	(17,397)
Special item - legal settlement	**(200,000)**	0
Total capital contributions & transfers	**(217,496)**	(17,397)
Change in net position	**(231,806)**	175,615
Net position – beginning of period	**2,296,882**	2,121,267
Total net position – ending as restated	$ **2,065,076**	$ 2,296,882

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows - Business - Type Activities

South Carolina Public Service Authority

Years Ended December 31, 2019 and 2018

	2019	2018
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 1,747,017**	$ 1,809,663
Payments to non - fuel suppliers	**(561,300)**	(301,920)
Payments for fuel	**(470,398)**	(600,371)
Purchased power	**(192,649)**	(190,095)
Payments to employees	**(189,427)**	(196,727)
Other receipts-net	**256,041**	292,866
Net cash provided by operating activities	**589,284**	813,416
Cash flows from non-capital related financing activities		
Distribution to the State	**(17,496)**	(17,397)
Proceeds from long - term revolving credit agreement draw	**78,000**	0
Repayment of revolving credit agreement draw	**(54,234)**	(120,000)
Proceeds from issuance of commercial paper notes	**13,934**	15,350
Repayment of commercial paper notes	**(13,871)**	(19,055)
Refunding/defeasance of long-term debt	**(338,883)**	(104,648)
Repayment of long - term debt	**(8,127)**	(17,292)
Interest paid on long - term debt	**(202,905)**	(213,840)
Interest paid on commercial paper and other	**(6,471)**	(4,720)
Bond issuance and other related costs	**18,886**	(55,131)
Net cash used in non-capital related financing activities	**(531,167)**	(536,733)
Cash flows from capital-related financing activities		
Proceeds from revolving credit agreement draw	**0**	54,000
Repayment of revolving credit agreement draw	**0**	(143,000)
Proceeds from issuance of commercial paper notes	**5,840**	93,168
Repayment of commercial paper notes	**(37,451)**	(60,049)
Refunding/defeasance of long-term debt	**(190,118)**	(253,017)
Proceeds from sale of bonds	**163,005**	0
Repayment of long-term debt	**(47,865)**	(33,909)
Interest paid on long-term debt	**(134,979)**	(143,861)
Interest paid on commercial paper and other	**(4,242)**	(2,305)
Construction and betterments of utility plant	**(286,656)**	(520,810)
Bond issuance and other related costs	**(2,750)**	29,706
Other-net	**993**	1,609
Net cash used in capital related financing activities	**(534,223)**	(978,468)
Cash flows from investing activities		
Net decrease in investments	**299,118**	421,355
Interest on investments	**8,288**	11,755
Net cash provided by investing activities	**307,406**	433,110
Net decrease in cash and cash equivalents	**(168,700)**	(268,675)
Cash and cash equivalents - beginning	**534,448**	803,123
Cash and cash equivalents - ending	**$ 365,748**	$ 534,448

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows - Business - Type Activities (continued)

South Carolina Public Service Authority
Years Ended December 31, 2019 and 2018

		2019		2018
		(Thousands)		
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$	**402,804**	$	406,559
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation		**197,613**		186,950
Amortization of nuclear fuel		**26,244**		23,222
Net power gains involving associated companies		**(53,220)**		(50,446)
Distributions from associated companies		**48,672**		45,522
Advances to associated companies		**(3,951)**		(20)
Other income and expenses		**(119,188)**		150,065
Changes in assets and liabilities				
Accounts receivable - net		**24,599**		2,939
Inventories		**(14,294)**		177,832
Prepaid expenses		**17,627**		48,866
Other deferred debits		**458,760**		(169,483)
Accounts payable		**(40,243)**		21,096
Other current liabilities		**3,999**		(271,918)
Other noncurrent liabilities		**(360,138)**		242,232
Net cash provided by operating activities	**$**	**589,284**	$	813,416

Composition of cash and cash equivalents				
Current				
Unrestricted cash and cash equivalents	**$**	**311,070**	$	475,601
Restricted cash and cash equivalents		**54,520**		53,600
Noncurrent				
Restricted cash and cash equivalents		**158**		5,247
Cash and cash equivalents at the end of the year	**$**	**365,748**	$	534,448
Noncash capital activities	**$**	**12,684**	$	45,032

Statements of Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority
As of December 31, 2019, and 2018

	2019	2018
	(Thousands)	
ASSETS		
Cash and cash equivalents	**$ 3,206**	$ 2,244
Investments	**85,141**	74,849
Total current assets	**88,347**	77,093
Total assets	**$ 88,347**	$ 77,093
LIABILITIES		
Total liabilities	**$ 0**	$ 0
NET POSITION		
Restricted for other postemployment benefits (OPEB)	**$ 88,347**	$ 77,093
Total net position	**$ 88,347**	$ 77,093
Total liabilities & net position	**$ 88,347**	$ 77,093

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority

Years Ended December 31, 2019 and 2018

	2019	2018
	(Thousands)	
ADDITIONS		
Employer contributions	$ **5,823**	$ 20,012
Total employer contributions	**5,823**	20,012
Investment income		
Appreciation (depreciation) in fair value of investments	**2,983**	(1,421)
Interest	**2,448**	1,593
Net investment income	**5,431**	172
Total additions	**11,254**	20,184
DEDUCTIONS		
Total deductions	**0**	0
Change in net position	**11,254**	20,184
Net position - beginning of period	**77,093**	56,909
Total net position - ending	**$ 88,347**	$ 77,093

The accompanying notes are an integral part of these financial statements.

NOTES

Note 1 – Summary of Significant Accounting Policies

A - Reporting Entity - The South Carolina Public Service Authority (the "Authority" or "Santee Cooper"), a component unit of the State of South Carolina (the "State"), was created in 1934 by the State legislature. The Santee Cooper Board of Directors ("Board") is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by bonds, commercial paper and internally generated funds. As authorized by State law, the Board sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants. The Authority's financial statements include the accounts of the electric system and the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions.

B - System of Accounts - The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP") issued by the Governmental Accounting Standards Board ("GASB") applicable to governmental entities that use proprietary fund accounting.

The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") for the electric system and the National Association of Regulatory Utility Commissioners ("NARUC") for the water systems.

The Authority also complies with policies and practices prescribed by its Board and practices common in both industries. As the Board is authorized to set rates, the Authority follows GASB 62. This standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in the Authority's reporting. This practice affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C - Current and Noncurrent - The Authority presents assets and liabilities in order of relative liquidity. The liquidity of an asset is determined by how readily it is expected to be converted to cash and whether restrictions limit the use of the resources. The liquidity of a liability is based on its maturity, or when cash is expected to be used to liquidate the liability.

D - Restricted Assets - For purposes of the Statements of Net Position and Statements of Cash Flows, assets are restricted when constraints are placed on their use by either:

(1) External creditors, grantors, contributors, or laws or regulations of other governments; or
(2) Law through constitutional provisions or enabling legislation.

Assets not meeting the requirements of restricted or invested in capital assets, net of related debt, are classified as unrestricted.

E - Cash and Cash Equivalents - For purposes of the Statements of Net Position and Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less, and cash on deposit with financial institutions, as unrestricted and restricted cash and cash equivalents.

F - Inventory - Material and fuel inventories are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost.

G - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is capitalized only when interest payments are funded through borrowings. No interest was capitalized in 2019 and 2018, respectively. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

H - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the gross plant balance of various classes of assets which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates. For assets not grouped in a plant class, straight-line depreciation is used over the estimated useful life of the asset.

Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were as follows:

Years Ended December 31,	**2019**	2018
Annual average depreciation percentages	**2.6%**	2.5%

I - Retirement of Long Lived Assets - The Authority follows the guidance of FASB ASC 410, *Asset Retirement and Environmental Obligations,* in regard to the decommissioning of V.C. Summer Nuclear Station ("Summer Nuclear Unit 1") and GASB 83, *Certain Asset Retirement Obligations*, for closing coal-fired generation ash ponds. The requirements for both were recorded within capital assets on the accompanying Statements of Net Position.

Summer Nuclear Unit 1

As required by the Nuclear Regulatory Commission ("NRC") and in accordance with prudent utility practices, Santee Cooper systematically sets aside funds to provide for the eventual decommissioning of Summer Nuclear Unit 1. The annual decommissioning funding deposit amount is currently based on NRC requirements, estimated cost escalation and fund earnings rates, the results of a site-specific decommissioning study conducted by TLG Services, Inc. in 2016, estimated Department of Energy ("DOE") reimbursement of spent fuel energy storage costs and a SAFSTOR (delayed decommissioning) scenario. This site-specific study also forms the basis for the asset retirement obligation calculation presented in the table below. The estimated remaining useful life of Summer Nuclear Unit 1 is expected to end in 2062.

Ash Ponds

The Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, and gypsum. These wastes, known as Coal Combustion Residuals ("CCRs"), are exempt from hazardous waste regulation under the Resource Conservation and Recovery Act ("RCRA"). On April 17, 2015, EPA published the CCR Rule establishing comprehensive requirements for the management and disposal of CCRs. The rule regulates CCRs as a RCRA Subtitle D, nonhazardous waste and had an effective date of October 19, 2015. The Authority continues to comply with the CCR Rule through groundwater monitoring, assessment of corrective measures and internet postings of CCR Rule reports. Long-term compliance plans to address groundwater include pond closures and utilization of Class 3 landfills at the Cross and Winyah Generating Stations for disposal of CCRs.

The Authority has ash and/or gypsum slurry ponds at the Grainger, Winyah, Cross and Jefferies Generating Stations. Closure plans for the Grainger and Jefferies Generating Station ash ponds and for the Winyah West Ash Pond have been approved by the Department of Health and Environmental Control ("DHEC") and closure is in progress, with regulatory deadlines of 2023, 2031 and 2030, respectively. These ponds are currently not subject to the CCR Rule. However, CCR rulemakings anticipated in 2020 would regulate inactive impoundments at closed facilities which could result in the Jefferies A ash pond and possibly the Grainger ash ponds being subject to the CCR Rule. The Cross Bottom Ash Pond and the remaining ponds at the Winyah Generating Station (A Ash Pond, B Ash Pond, South Ash Pond and Unit 3 & 4 Slurry Pond) are subject to the CCR Rule's closure requirements and are subject to DHEC closure regulations. Plans are being developed and implemented to facilitate closure of the remaining ponds by the CCR Rule's regulatory deadlines. The ponds will be closed through excavation and beneficial use of materials or through disposal in the on-site industrial Class 3 solid waste landfills. Closure by removal is the selected alternative for remediation of the groundwater so that it meets the groundwater protection standard. Two additional ponds (Winyah Slurry Pond 2 and the Cross Gypsum Pond) are also subject to the CCR Rule and have already completed closure in accordance with DHEC's requirements. Volumetric calculations were conducted by the Authority to determine estimated volumes to be removed. Cost estimates were then applied to the volumes to estimate the asset retirement obligation as presented in the table below.

The asset retirement obligation ("ARO") is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The following table summarizes the Authority's transactions:

Years Ended December 31,	2019			2018		
	Nuclear	**Ash Ponds**	**Total**	Nuclear	Ash Ponds	Total
			(Millions)			
Reconciliation of ARO Liability:						
Balance as of January 1,	**$ 426.0**	**$ 290.8**	**$ 716.8**	$ 414.8	$ 315.2	$ 730.0
Accretion expense	**11.5**	**(10.5)**	**1.0**	11.2	(24.6)	(13.4)
Balance as of December 31,	**$ 437.5**	**$ 280.3**	**$ 717.8**	$ 426.0	$ 290.6	$ 716.6
Asset Retirement Cost (ARC):	**$ 92.0**	**$ 173.1**	**$ 265.1**	$ 92.0	$ 173.1	$ 265.1
Regulatory Asset - ARO	**$ 437.5**	**$ 278.3**	**$ 715.8**	$ 421.9	$ 288.4	$ 710.3

J – Closure and Post Closure Care Costs - The Authority follows the guidance of GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs*, in accounting for the closure and post closure care costs associated with Cross and Winyah Generating Stations landfills (the "landfills").

State and federal laws and regulations require the Authority to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date the landfill stops accepting waste, the Authority reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2.5 million reported as landfill closure and post closure care liability at December 31, 2019 represents a cumulative amount reported to date based on the use of 3% of the total permitted capacity of the Cross landfill and 0.2% of the total permitted capacity of the Winyah landfill. The Authority will recognize the remaining estimated cost of closure and post closure care for the landfills of $24.3 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2019. Based on current fill rates, the Authority expects to close the existing Cross landfill cell in 2037. Future, already permitted landfill cells will be constructed, operated, and then closed on an on-going basis, as needed for the life of the plant. Winyah's landfill will be used for ash pond closures and thus current fill rates are not an appropriate indicator of the planned life. The Authority expects to close the Winyah landfill in approximately year 2035 once ash pond closures are complete and the units are retired. Actual closure costs may be higher due to inflation, changes in technology, or changes in regulations.

In 2019, the Authority has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post closure care requirements.

K - Reporting Impairment Losses - The Authority follows the guidance of GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in determining if a capital asset has been impaired and the accounting treatment of such impairment. An impairment is a significant, unexpected decline in the service utility of a capital asset. Events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used should be reclassified from plant balances and CWIP to another asset category and reported at the lower of carrying value or fair value.

There were no new impairment losses for 2019.

L- Other Regulatory Items - In accordance with GASB 62's guidance on regulated operations, regulated accounting rules may be applied to business type activities that have regulated operations if certain criteria are met. GASB 65, paragraph 29, further clarified regulatory accounting rules under GASB 62. Under regulatory accounting a regulated utility may defer recognition of expenses or revenues if certain criteria are met and the revenues and expenses will be included in future rates. Significant regulatory items are presented as follows:

Pee Dee
The Authority made the decision in 2007 to build a coal-fired generation plant in Florence County, South Carolina. In 2009 the Authority chose not to proceed with this plant. Assets related to this project are classified as other current and noncurrent regulatory assets. The Board gave approval to write off the total asset balance of $261.3 million over a seven-year period ending December 2020. Accordingly, $41.6 million was written off in 2019 and 2018, respectively. The remaining balance outstanding at December 31, 2019 was $41.6 million.

Summer Nuclear Units 2 and 3
On December 11, 2017, the Board approved the use of regulatory accounting for a portion of the nuclear post-suspension interest balance of $37.1 million. As of December 31, 2019, the balance remained the same and the write-off of the regulatory asset will not begin until 2022.

Based on a Board resolution dated January 22, 2018, the use of regulatory accounting was approved for the Summer Nuclear Units 2 and 3. The Board gave approval to write-off the total asset balance of $4.205 billion aligned with the debt service collected in rates. Accordingly, $354.1 million was written off in 2019. An adjustment to 2018 was made and the amount written off was $112.5 million (see Note 15 – "Restatement"). The remaining balance outstanding at December 31, 2019 was $3.738 billion.

Regulatory Liability – Toshiba Settlement Agreement.
The Board of Directors approved a resolution dated December 11, 2017, authorizing use of regulatory accounting to defer recognition of income from the Toshiba Settlement Agreement. As a result, the Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds. During 2019 $262.3 million was written off. An adjustment of $106.9 million was made to 2018 increasing the write-off to $283.5 (See Note 15 – "Restatement"). The remaining balance outstanding at December 31, 2019 was $366.2 million.

Unfunded OPEB Liability
On October 13, 2017, the Board approved the use of regulatory accounting to offset the initial unfunded OPEB liability resulting from implementation of GASB 75. As a result, the Authority recorded a regulatory asset of $165.2 million. The regulatory asset will be amortized to expense in accordance with a Level Dollar, 30-year closed amortization period funding schedule provided by the Actuary. During 2019, no deposits in excess of OPEB expense were made to the trust. In 2018, $12.0 million was amortized to coincide with a deposit to the trust of the same amount. The remaining balance outstanding at December 31, 2019 was $153.2 million.

M - Investment in Associated Companies - The Authority is a member of The Energy Authority ("TEA"). Approximate ownership interests in TEA as of December 31, 2019 and 2018 were as follows:

Years Ended December 31,	**2019**	2018
Owners	Ownership (%)	
City Utilities of Springfield (Missouri)	**5.88**	5.55
Cowlitz Public Utility District (Washington)	**0**	5.55
Gainesville Regional Utilities (Florida)	**5.88**	5.55
American Municipal Power (Ohio)	**17.65**	16.67
JEA (Florida)	**17.65**	16.67
MEAG Power (Georgia)	**17.65**	16.67
Nebraska Public Power District (Nebraska)	**17.65**	16.67
Santee Cooper (South Carolina)	**17.65**	16.67
Total	**100.00**	100.00

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority:

Years Ended December 31,		**2019**		2018
		(Thousands)		
TEA Investment:				
Balance as of January 1,	**$**	**6,945**	$	6,382
Reduction to power costs and increases in electric revenues		**49,221**		46,190
Less: Distributions from TEA		**48,672**		45,522
Less: Other (includes equity losses)		**(120)**		105
Balance as of December 31,	**$**	**7,614**	$	6,945
Due To/Due From TEA:				
Payable to	**$**	**24,235**	$	21,526
Receivable from	**$**	**1,810**	$	1,785

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board**.** At December 31, 2019, the trade guarantees are an amount not to exceed approximately $72.4 million.

The Authority is also a member of TEA Solutions. TEA Solutions is a publicly supported non-profit corporation. Members and ownership interests in TEA Solutions as of December 31, 2019 and 2018 were as follows:

Years Ended December 31,	**2019**	2018
Owners	Ownership (%)	
American Municipal Power (Ohio)	**25.0**	25.0
JEA (Florida)	**25.0**	25.0
MEAG Power (Georgia)	**25.0**	25.0
Santee Cooper (South Carolina)	**25.0**	25.0
Total	**100.0**	100.0

TEA Solutions was formed mainly to (1) coordinate the operation of electric generation resources and the purchase and sale of electric power on behalf of the corporation's clients; (2) coordinate the purchase and sale of natural gas relating to fuel for clients' generation of electric energy or relating to clients' operation of a retail gas distribution system; and (3) provide consulting and software services to clients.

The Authority funded its initial share of TEA Solutions with a $150,000 contribution in 2013. This contribution was to cover legal, consulting and other start-up costs pertaining to TEA Solutions. The Authority's exposure relating to TEA Solutions is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. The balance in its member equity account at December 31, 2019 and 2018 was approximately $263,480 and $229,564, respectively.

N - Deferred Outflows / Deferred Inflows of Resources - In addition to assets, the Statements of Net Position reports a separate section for Deferred Outflows of Resources. These items represent a consumption of net position that applies to a future period and until that time will not be recognized as an expense or expenditure. The Authority has five items meeting this criterion: (1) deferred outflows – pension; (2) accumulated decrease in fair value of hedging derivatives; (3) unamortized loss on refunded and defeased debt; (4) deferred outflows – OPEB; and (5) Deferred Outflow – Asset Retirement Obligation.

In addition to liabilities, the Statements of Net Position also reports a separate section for Deferred Inflows of Resources. These items represent an acquisition of net position that applies to a future period and until that time will not be recognized as revenue. The Authority has five items meeting this criterion: (1) deferred inflows – pension; (2) accumulated increase in fair value of hedging derivatives; (3) nuclear decommissioning costs; (4) Toshiba settlement; and (5) deferred inflows – OPEB.
The following table summarizes the Authority's total deferred items:

Years Ended December 31,		**2019**		2018
		(Thousands)		
Deferred outflows of resources	**$**	**968,477**	$	949,737
Deferred inflows of resources	**$**	**637,638**	$	859,348

O - Accounting for Derivative Instruments - In compliance with GASB 53 and 64, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred (reported as deferred outflows of resources and deferred inflows of resources on the Statements of Net Position). Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Core business commodity inputs for the Authority have historically been hedged in an effort to mitigate volatility and cost risk and improve cost effectiveness. Natural gas is a direct input and heating oil is used as a proxy for retail diesel fuel because it is used to power the coal trains. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

A summary of the Authority's derivative activity for years ended December 31, 2019 and 2018 is below:

Cash Flow Hedges and Summary of Activity

Years Ended December 31,			**2019**		2018
	Account Classification		(Millions)		
Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**(49.9)**	$	(37.4)
Heating oil	Regulatory assets/liabilities		**0.0**		(0.6)
Changes in Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**12.5**	$	0.0
Heating oil	Regulatory assets/liabilities		**(0.6)**		(3.5)
Recognized Net Gains (Losses)					
Natural gas	Operating expense-fuel	**$**	**(18.7)**	$	(9.2)
Heating oil	Operating expense-fuel		**1.0**		3.3
Realized But Not Recognized Net Gains (Losses)					
Natural gas	Regulatory assets/liabilities	**$**	**(4.3)**	$	(1.7)
Heating oil	Regulatory assets/liabilities		**0.1**		0.0
Notional					
			MBTUs		
Natural gas			**114,290**		123,140
			Gallons (000s)		
Heating oil			**3,528**		8,484
Maturities					
Natural gas			**Jan 2020-Dec 2022**		Jan 2020-Dec 2022
Heating oil			**Jan 2020-Dec 2020**		Jan 2020-Dec 2020

P - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $15.1 million in 2019 and $15.8 million in 2018.

Fuel costs are reflected in operating expenses as fuel is consumed. All customers are billed utilizing rates and contracts that include fuel cost recovery components, the majority of which include monthly automatic fuel adjustment provisions which provide for adjustments to the base rates to cover increases or decreases in the cost of fuel to the extent such costs vary from the predetermined base rates. The fuel adjustment provisions are based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period.

Rates to Central are determined in accordance with the cost of service methodology contained in the Central Agreement. Under this agreement Central initially pays monthly based on estimated rates and actual loads. The charges are then adjusted to reflect actual costs and loads, on a monthly basis for fuel and an annual basis for all other costs, and Central is charged or credited with the difference.

Q- Bond Issuance Costs and Refunding Activity - GASB 62 requires that any gains or losses resulting from extinguishment of debt be expensed at the time of extinguishment. GASB 65 requires that debt issuance costs be expensed in the period incurred. In order to align the impact of these pronouncements with the Authority's rate making process, in October 2012, the Board authorized the use of regulatory accounting to allow continuation of prior accounting treatment with regard to these costs.

Consistent with prior accounting periods, unamortized debt discounts, premiums and expenses are amortized to income over the terms of the related debt issues. Gains or losses on refunded and extinguished debt are amortized to earnings over the shorter of the remaining life of the refunded debt or the life of the new debt.

R- Distribution to the State - Any and all net earnings of the Authority not necessary for the prudent conduct and operation of its business in the best interests of the Authority or to pay the principal of and interest on its bonds, notes, or other evidences of indebtedness or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others must be paid over semiannually to the State Treasurer for the general funds of the State. Nothing shall prohibit the Authority from paying to the State each year up to one percent of its projected operating revenues, as such revenues would be determined on an accrual basis, from the combined electric and water systems. (Code of Laws of South Carolina, as amended Section 58-31-110).

Distributions made to the State in 2019 and 2018 totaled approximately $17.5 million and $17.4 million, respectively.

S - New Accounting Standards -

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 75	**Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**	Implemented in 2018
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2017	
Description:	The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.	
Statement No. GASB 83	**Certain Asset Retirement Obligations**	Implemented in 2019
Issue Date: November 2016	Effective for Periods Beginning After: June 15, 2018	
Description:	This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.	

Statement No. GASB 84	**Fiduciary Activities**	Implemented in 2019
Issue Date: January 2017	Effective for Periods Beginning After: December 15, 2018	
Description:	The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.	
Statement No. GASB 85	**Omnibus 2017**	Reviewed and no action required
Issue Date: March 2017	Effective for Periods Beginning After: June 15, 2017	
Description:	The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).	
Statement No. GASB 86	**Certain Debt Extinguishment Issues**	Reviewed and no action required
Issue Date: May 2017	Effective for Periods Beginning After: June 15, 2017	
Description:	The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.	
Statement No. GASB 87	**Leases**	Under review
Issue Date: June 2017	Effective for Periods Beginning After: December 15, 2019	
Description:	The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.	
Statement No. GASB 88	**Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements**	Implemented in 2019
Issue Date: April 2018	Effective for Periods Beginning After: June 15, 2018	
Description:	The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.	

Statement No. GASB 89	**Accounting for Interest Cost Incurred before the End of a Construction Period**	Under review
Issue Date: June 2018	Effective for Periods Beginning After: December 15, 2019	
Description:	The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund . This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.	
Statement No. GASB 90	**Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61**	Reviewed and No Action Required
Issue Date: August 2018	Effective for Periods Beginning After: December 15, 2018	
Description:	The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.	
Statement No. GASB 91	**Conduit Debt Obligations**	Under review
Issue Date: May 2019	Effective for Periods Beginning After: December 15, 2020	
Description:	The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.	

Note 2 – Costs to be Recovered From Future Revenue (CTBR)

The Authority's rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with GASB 62, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as CTBR. The recovery of outstanding amounts recorded as CTBR will coincide with the repayment of the applicable outstanding debt. The Authority's summary of CTBR activity is recapped below:

Years Ended December 31,	**2019**	2018
	(Millions)	
CTBR regulatory asset:		
Balance	**$ 274.3**	$ 225.6
CTBR expense/(reduction to expense):		
Net expense	**$ (48.7)**	$ 4.3

Note 3 – Capital Assets

Capital asset activity for the years ended December 31, 2019 and 2018 was as follows:

	Beginning Balances	**Increases**	**Decreases**	**Ending Balances**
		Year 2019 (Thousands)		
Utility plant	**$ 7,678,064**	**$ 752,543**	**$ (49,832)**	**$ 8,380,775**
Long lived assets-asset retirement cost	**265,116**	**0**	**0**	**265,116**
Accumulated depreciation	**(3,933,151)**	**(201,708)**	**79,048**	**(4,055,811)**
Total utility plant-net	**4,010,029**	**550,835**	**29,216**	**4,590,080**
Construction work in progress	**1,017,170**	**240,509**	**(755,028)**	**502,651**
Other physical property-net	**29,685**	**20**	**(2,043)**	**27,662**
Totals	**$ 5,056,884**	**$ 791,364**	**$ (727,855)**	**$ 5,120,393**

	Beginning Balances	Increases	Decreases	Ending Balances
		Year 2018 (Thousands)		
Utility plant	$ 7,545,203	$ 153,718	$ (20,857)	$ 7,678,064
Long lived assets-asset retirement cost	265,116	0	0	265,116
Accumulated depreciation	(3,773,415)	(216,320)	56,584	(3,933,151)
Total utility plant-net	4,036,904	(62,602)	35,727	4,010,029
Construction work in progress	763,490	415,666	(161,986)	1,017,170
Other physical property-net	31,628	0	(1,943)	29,685
Totals	$ 4,832,022	$ 353,064	$ (128,202)	$ 5,056,884

Note 4 – Cash and Investments Held by Trustee and Fund Details

All cash and investments of the Authority are held and maintained by custodians and trustees. The use of unexpended proceeds from sale of bonds, debt service funds and other sources is designated in accordance with applicable provisions of various bond resolutions, the Enabling Act included in the South Carolina Code of Laws (the "Enabling Act") or by management directive. Restricted funds have constraints placed on their use (see Note 1 - D – "Restricted Assets"). The use of unrestricted funds may be either designated for a specific use by management directive or undesignated but are available to provide liquidity for operations as needed.

Following are the details of the Authority's funds which are classified in the accompanying financial statements as unrestricted and restricted cash, cash equivalents and investments:

Years Ended December 31,	**2019**			2018		
Funds	**Cash & Cash Equivalents**	**Investments**	**Total**	Cash & Cash Equivalents	Investments	Total
			(Thousands)			
Current Unrestricted:						
Capital Improvement	**$ 135,541**	**$ 55,042**	**$ 190,583**	$ 80,514	$ 143,163	$ 223,677
Debt Reduction	**468**	**1,989**	**2,457**	35,067	77,158	112,225
General Improvement	**9**	**-**	**9**	22	-	22
Internal Nuclear Decommissioning Fund	**250**	**84,818**	**85,068**	2,881	75,479	78,360
Nuclear Fuel	**12,007**	**-**	**12,007**	11,273	5,998	17,271
Revenue and Operating	**128,337**	**-**	**128,337**	133,358	58,687	192,045
Toshiba Guarantee Settlement Fund	**-**	**-**	**-**	170,622	49,657	220,279
Special Reserve	**34,458**	**28,460**	**62,918**	41,864	64,127	105,991
Total	**$ 311,070**	**$ 170,309**	**$ 481,379**	$ 475,601	$ 474,269	$ 949,870
Current Restricted:						
Debt Service Funds and Other	**54,520**	**16,104**	**70,624**	53,600	18,666	72,266
Total	**$ 54,520**	**$ 16,104**	**$ 70,624**	$ 53,600	$ 18,666	$ 72,266
Noncurrent Restricted:						
External Nuclear Decommissioning Trust	**$ 158**	**$ 145,668**	**$ 145,826**	$ 5,247	$ 130,714	$ 135,961
Total	**$ 158**	**$ 145,668**	**$ 145,826**	$ 5,247	$ 130,714	$ 135,961
TOTAL FUNDS	**$ 365,748**	**$ 332,081**	**$ 697,829**	$ 534,448	$ 623,649	$ 1,158,097

	2019	2018
Cash and investments as of December 31, consisted of the following:		
Cash/Deposits	**$ 27,389**	$ 60,586
Investments	**670,440**	1,097,511
Total cash and investments	**$ 697,829**	$ 1,158,097

Current Unrestricted Funds - These funds are used for operating activities for the Authority's respective systems. Although funds are segregated per management directive based on their intended use, since no restrictions apply, the funds are available to provide additional liquidity for operations. Included in this category is the internal Nuclear Decommissioning Fund intended by management to be used to offset future nuclear decommissioning costs and represents amounts in excess of the mandated Nuclear Regulatory Commission ("NRC") decommissioning requirement which is funded and separately held in an external Nuclear Decommissioning Trust. Also included are funds from taxable borrowings intended to be used for both capital construction costs and for working capital purposes, as expected at the time proceeds are borrowed, as well as funds received from the Toshiba Settlement Agreement (See Footnote 7 – Summer Nuclear Station – Summer Nuclear Units 2 and 3), intended to be used to lower debt cost.

Current Restricted Funds - These funds are restricted in their allowed use. Debt service funds are restricted for payment of principal and interest debt service on outstanding debt. Funds from tax-exempt borrowings are intended to be used for capital construction costs as expected at the time proceeds are borrowed and are restricted pursuant to sections of both the U.S. Treasury Regulations and the Internal Revenue Code that govern the use of tax-exempt debt. Other funds are restricted for other special purposes.

Noncurrent Restricted Funds - These funds are restricted as to their specific use. The external Nuclear Decommissioning Trust is restricted for future nuclear decommissioning costs and represents the mandated NRC funding requirements.

The Authority's investments are authorized by the Enabling Act, the Authority's investment policy and the Revenue Obligation Resolution. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a 10-year maximum maturity in all portfolios, except the decommissioning funds. Certificates of Deposit and Repurchase Agreements are also authorized with a maximum maturity of one year.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the gains and losses in fair value are reflected as a component of non-operating income in the Statements of Revenues, Expenses and Changes in Net Position.

The Authority's investment activity in all fund categories is summarized as follows:

Years Ended December 31,		**2019**		2018
Total Portfolio		(Billions)		
Total investments	**$**	**0.7**	$	1.1
Purchases		**28.1**		28.9
Sales		**28.6**		29.6
Nuclear Decommissioning Portfolios[1]		(Millions)		
Total investments	**$**	**230.7**	$	209.1
Purchases		**412.6**		997.1
Sales		**401.5**		1,009.6
Unrealized holding gain/(loss)		**10.6**		5.7
Repurchase Agreements [2]		(Millions)		
Balance at December 31	**$**	**100.0**	$	100.0

[1] During 2018, due to an estimated overfunding in the internal Nuclear Decommissioning Fund, $12.0 million was released from the fund, crediting decommissioning expense.

[2] Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.

Common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk are as follows:

Risk Type	Exposure
Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.	As of December 31, 2019 and 2018, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Rating Services.
Custodial Credit Risk-Investments - Risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.	As of December 31, 2019 and 2018, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore, there is no custodial risk for investment securities.
Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.	At December 31, 2019 and 2018, the Authority had no exposure to custodial credit risk for deposits that were uninsured and/or collateral that was held by the bank's agent not in the Authority's name.
Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.	Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2019 and 2018 were as follows:

Security Type / Issuer	Fair Value 2019	Fair Value 2018
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	**$ 167,744**	$ 381,754
Federal National Mortgage Association	**Less than 5%**	Less than 5%
Federal Farm Credit Bank	**139,427**	249,726
Federal Home Loan Mortgage Corp	**Less than 5%**	Less than 5%

Interest Rate Risk - Risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations. The following table shows the distribution of the Authority's investments by maturity as of December 31, 2019 and 2018:

		Investment Maturities as of December 31, 2019			
Security Type	**Fair Value**	**Less than 1 Year**	**1 - 5**	**6 - 10**	**More than 10 Years**
		(Thousands)			
Collateralized Deposits	**$ 198,864**	**$ 198,864**	**$ 0**	**$ 0**	**$ 0**
Repurchase Agreements	**100,000**	**100,000**	**0**	**0**	**0**
Federal Agency Discount Notes	**54,260**	**44,290**	**9,970**	**0**	**0**
Federal Agency Securities	**280,330**	**11,102**	**72,635**	**14,062**	**182,531**
US Treasury Bills, Notes and Strips	**36,986**	**15,094**	**0**	**0**	**21,892**
	$ 670,440	**$ 369,350**	**$ 82,605**	**$ 14,062**	**$ 204,423**

		Investment Maturities as of December 31, 2018			
Security Type	Fair Value	Less than 1 Year	1 - 5	6 - 10	More than 10 Years
		(Thousands)			
Collateralized Deposits	$ 202,201	$ 202,201	$ 0	$ 0	$ 0
Repurchase Agreements	100,000	100,000	0	0	0
Federal Agency Discount Notes	389,253	389,253	0	0	0
Federal Agency Securities	325,254	139,734	36,982	27,110	121,428
US Treasury Bills, Notes and Strips	80,803	61,501	0	0	19,302
	$ 1,097,511	$ 892,689	$ 36,982	$ 27,110	$ 140,730

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the external Nuclear Decommissioning Trust and internal Nuclear Decommissioning Fund. Together these accounts hold $31.0 million par in U.S. Treasury Strips ranging in maturity from August 15, 2029 to May 15, 2039. The accounts also hold $17.2 million par in government agency zero coupon securities in the two portfolios ranging in maturity from January 15, 2021 to April 15, 2030. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed prior to 2042. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

Foreign Currency Risk - Risk exists when there is a possibility that changes in exchange rates could adversely affect investment or deposit fair market value.	The Authority is not authorized to invest in foreign currency and therefore has no exposure.

Fair Value of Investments

The Authority measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The Authority had the following recurring fair value measurements as of December 31, 2019 and 2018:

		Level		
2019	**Total**	**1**	**2**	**3**
		(Thousands)		
Collateralized Deposits	**$ 198,864**	**$ 0**	**$ 198,864**	**$ 0**
Repurchase Agreements	**100,000**	**0**	**100,000**	**0**
Federal Agency Discount Notes	**54,260**	**0**	**54,260**	**0**
Federal Agency Securities	**280,330**	**0**	**280,330**	**0**
US Treasury Bills, Notes and Strips	**36,986**	**0**	**36,986**	**0**
	$ 670,440	**$ 0**	**$ 670,440**	**$ 0**

		Level		
2018	Total	1	2	3
		(Thousands)		
Collateralized Deposits	$ 202,201	$ 0	$ 202,201	$ 0
Repurchase Agreements	100,000	0	100,000	0
Federal Agency Discount Notes	389,253	0	389,253	0
Federal Agency Securities	325,254	0	325,254	0
US Treasury Bills, Notes and Strips	80,803	0	80,803	0
	$ 1,097,511	$ 0	$ 1,097,511	$ 0

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Certificates of Deposit and Repurchase Agreements classified in Level 2 are valued using pricing based on the securities' relationship to benchmark quoted prices.

Note 5 – Long -Term Debt

Debt Outstanding

The Authority's long-term debt at December 31, 2019 and 2018 consisted of the following:

	2019	2018	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Revenue Obligations: (mature through 2056)				
2004 Series M (4)	**$ 0**	$ 11,386	N/A	N/A
2005 Series M (4)	**0**	4,152	N/A	N/A
2006 Series M (4)	**0**	3,428	N/A	N/A
2008 Series M (4)	**0**	15,088	N/A	N/A
2009 Tax-exempt Refunding Series A	**8,255**	9,520	4.00-5.00	100
2009 Taxable Series C	**2,295**	65,975	6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Series E	**0**	2,285	N/A	100
2009 Taxable Series F	**100,000**	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series M1 (4)	**0**	20,354	N/A	N/A
2010 Refunding Series B	**64,150**	64,150	4.00-5.00	100
2010 Series M2 (4)	**0**	11,608	N/A	N/A
2010 Series C (Build America Bonds) (3)	**360,000**	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 (4)	**0**	22,035	N/A	N/A
2011 Refunding Series B	**47,100**	51,680	4.00-5.00	Non-callable
2011 Refunding Series C	**135,855**	135,855	4.375-5.00	100
2011 Series M2 (4)	**0**	18,475	N/A	N/A
2012 Refunding Series A	**63,205**	66,505	3.00-5.00	100
2012 Refunding Series B	**5,000**	12,200	5.00	Non-callable
2012 Refunding Series C	**13,565**	27,045	5.00	Non-callable
2012 Tax-exempt Series D	**260,685**	292,460	3.50-5.00	100
2012 Taxable Series E	**230,460**	262,830	3.572-4.551	P&I Plus Make-Whole Premium
2012 Series M1 (4)	**0**	16,619	N/A	N/A
2012 Series M2 (4)	**0**	14,437	N/A	N/A
2013 Series M1 (4)	**0**	18,716	N/A	N/A
2013 Tax-exempt Series A	**152,655**	152,655	5.00-5.75	100
2013 Tax-exempt Refunding Series B	**388,730**	388,730	5.00-5.125	100
2013 Taxable Series C	**250,000**	250,000	5.784	P&I Plus Make-Whole Premium
2013 Tax-exempt Series E	**506,765**	506,765	5.00-5.50	100
2014 Series M1 (4)	**0**	31,161	3.00-4.30	N/A
2014 Tax-exempt Series A	**525,000**	525,000	5.00-5.50	100
2014 Tax-exempt Refunding Series B	**42,275**	42,275	5.00	100
2014 Tax-exempt Refunding Series C	**696,605**	696,605	3.00-5.50	100
2014 Taxable Refunding Series D	**31,795**	31,795	2.906-3.606	P&I Plus Make-Whole Premium
2015 Tax-exempt Refunding Series A	**570,260**	586,340	3.00-5.00	100
2015 Tax-exempt Refunding Series B	**64,870**	64,870	5.00	Non-callable
2015 Series M1 (4)	**0**	32,974	1.75-3.85	N/A
2015 Tax-exempt Refunding Series C	**155,080**	155,080	5.00	Non-callable
2015 Taxable Series D	**169,657**	169,657	4.77	P&I Plus Make-Whole Premium
2015 Tax-exempt Series E	**300,000**	300,000	5.25	100

	2019	2018	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
2016 Tax-exempt Refunding Series A	**543,745**	543,745	3.125-5.00	100
2016 Series M1 (4)	**0**	38,654	NA	N/A
2016 Tax-exempt Refunding Series B	**508,705**	508,705	2.75-5.25	100
2016 Tax-exempt Refunding Series C	**52,400**	52,400	3.00-5.00	100
2016 Taxable Series D	**174,980**	322,650	2.380	P&I Plus Make-Whole Premium
2019 Tax-exempt Refunding Series A	**163,005**	0	Variable Rate	100
Total Revenue Obligations	**6,587,097**	7,006,864		
Long-Term Revolving Credit Agreement: (matures through 2029)	**45,000**	25,266	N/A	N/A
Less: Current Portion - Long-term Debt	**89,285**	63,450		
Total Long-term Debt - (Net of current portion)	**$ 6,542,812**	$ 6,968,680		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2019.

(2) Call Price may only apply to certain maturities outstanding at December 31, 2019.

(3) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount up to 35% of interest payable on the bonds.

(4) Includes Current Interest-Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Changes in Long-Term Debt

Long-term debt (LTD) activity for the years ended December 31, 2019 and 2018 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balance	Current Portion LTD	Total LTD (Net of Current Portion)	Unamortized Debt Discounts and Premiums	LTD-Net Ending Balances
				YEAR 2019 (Thousands)				
Revenue Obligations	**$ 7,006,864**	**$ 165,226**	**$ (584,993)**	**$ 6,587,097**	**$ 89,285**	**$ 6,497,812**	**$ 358,318**	**$ 6,856,130**
Long-Term Revolving Credit Agreement	**25,266**	**26,234**	**(6,500)**	**45,000**	**0**	**45,000**	**0**	**45,000**
Totals	**$ 7,032,130**	**$ 191,460**	**$ (591,493)**	**$ 6,632,097**	**$ 89,285**	**$ 6,542,812**	**$ 358,318**	**$ 6,901,130**
				YEAR 2018 (Thousands)				
Revenue Obligations	$ 7,413,014	$ 2,715	$ (408,865)	$ 7,006,864	$ 63,450	$ 6,943,414	$ 386,877	$ 7,330,291
Long-Term Revolving Credit Agreement	101,500	0	(76,234)	25,266	0	25,266	0	25,266
Totals	$ 7,514,514	$ 2,715	$ (485,099)	$ 7,032,130	$ 63,450	$ 6,968,680	$ 386,877	$ 7,355,557

Summary of Long-Term Principal and Interest

Maturities and projected interest payments of long-term debt are as follows:

Year Ending December 31,	Revenue Obligations	Long-Term Revolving Credit Agreements	Total Principal (Thousands)	TOTAL Interest [1]	TOTAL
2020	$ 89,285	$ 0	$ 89,285	$ 323,216	$ 412,501
2021	160,555	26,000	186,555	319,612	506,167
2022	109,516	0	109,516	310,750	420,266
2023	296,641	1,335	297,976	305,789	603,765
2024	116,426	11,335	127,761	296,317	424,078
2025-2029	621,099	6,330	627,429	1,401,823	2,029,252
2030-2034	760,353	0	760,353	1,250,948	2,011,301
2035-2039	899,090	0	899,090	1,044,823	1,943,913
2040-2044	902,021	0	902,021	836,776	1,738,797
2045-2049	1,332,191	0	1,332,191	543,563	1,875,754
2050-2054	1,141,505	0	1,141,505	213,966	1,355,471
2055-2056	158,415	0	158,415	9,904	168,319
Total	$ 6,587,097	$ 45,000	$ 6,632,097	$ 6,857,487	$ 13,489,584

[1] Does not reflect impact of subsidy interest payments on 2010 Taxable C (Build America Bonds). Years 2020-2036 include projected interest for Long-Term Revolving Credit Agreements and Variable Rate Debt.

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Summary of Refunded and Defeased Debt and Unamortized Losses

Refunded and defeased debt, original loss on refunding and the unamortized loss at December 31, 2019 are as follows:

Refunding Description		Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
Cash Defeasance	$	20,000	1982 Series A	$ 0	$ 2,763	$ 184
2009 Refunding Series A	$	99,515	1997 Refunding Series A			
		20,125	1998 Refunding Series B	0	8,707	169
2010 Refunding Series B	$	30,430	2001 Series A			
		118,600	2002 Series B			
		84,780	2002 Refunding Series D	0	22,954	3,105
2011 Refunding Series B	$	8,990	2002 Refunding Series D			
		291,825	2004 Series A	0	23,287	659
2011 Refunding Series C	$	134,715	2002 Series B			
		5,160	2007 Series A	0	4,362	2,851
2012 Refunding Series A	$	73,535	2003 Refunding Series A			
		34,160	2004 Series A	0	12,206	3,485
Feb 2012 Defeasance	$	5,615	2003 Refunding Series A	0	749	451
2013 Refunding Series B	$	209,426	2003 Refunding Series A			
		7,070	2004 Series A			
		5,000	2006 Series A			
		6,565	2007 Series A			
		82,605	2008 Series B			
		1,125	2009 Series B			
		30,158	2011 Series A (LIBOR Index)			
		2,040	2012 Series D	0	14,446	11,052
2013 Refunding Series C	$	35,584	2003 Refunding Series A			
		97,695	2008 Series B	0	4,601	3,238
2014 Refunding Series C &	$	10,870	2003 Refunding Series A			
Taxable Refunding Series D		11,395	2005 Refunding Series A			
		419,105	2006 Series A			
		10,385	2006 Refunding Series C			
		175,775	2007 Series A			
		4,230	2007 Refunding Series B			
		15,000	2008 Series A			
		15,200	2009 Series B			
		12,920	2010 Refunding Series B			
		3,100	2011 Refunding Series B			
		5,625	2012 Refunding Series A			
		2,000	2012 Refunding Series B			
		15,185	2012 Refunding Series C			
		11,335	2012 Series D			
		18,185	2013 Taxable Series D (LIBOR Index)			
		44,075	Expansion Bond Refunding CP	0	32,936	24,721

Summary of Refunded and Defeased Debt and Unamortized Losses (continued)

Refunding Description		Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
2015 Refunding Series A	$	13,370	2006 Series A			
		32,750	2007 Series A			
		93,035	2008 Series A			
		30,765	2009 Series B	$ 0	$ 21,487	$ 10,611
2015 Refunding Series B	$	78,150	2005 Refunding Series C	0	4,987	2,273
2015 Refunding Series C	$	87,560	2005 Refunding Series A			
		217,065	2005 Refunding Series B	0	24,366	4,059
2015 Series E	$	100,000	Barclays Revolving Credit Agreement	0	89	80
2016 Refunding Series A	$	75,885	2007 Series A			
		278,950	2008 Series A			
		20,905	2009 Refunding Series A			
		112,210	2009 Series B			
		75,000	2014 Series A (Step Coupon Bond)	0	56,068	44,832
2016 Refunding Series B	$	97,715	2009 Series E	97,715	12,873	10,804
2019 Refunding Series A	$	8,514	2004 Series M (1)			
		3,227	2005 Series M (1)			
		2,796	2006 Series M (1)			
		13,022	2008 Series M (1)			
		18,565	2010 Series M1(1)			
		16,401	2011 Series M2 (1)			
		14,084	2013 Series M1 (1)			
		28,773	2014 Series M1 (1)			
		20,453	2015 Series M1 (1)			
		25,407	2016 Series M1 (1)	151,242	1,747	1,727
Total				$ 248,957	$ 248,628	$ 124,301

(1) Includes Current Interest Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Summary of In-Substance Defeasance of Debt Using Only Existing Resources

Defeased debt, cash placed in escrow, and defeased debt outstanding at December 31, 2019 are as follows:

Description of Transaction		Defeased Debt		Cash Placed in Escrow		Defeased Debt Outstanding
				(Thousands)		
09/2018 Cash Defeasance	$	48,475 2009 Refunding Series A				
		37,305 2010 Refunding Series B				
		81,510 2011 Refunding Series B				
		8,015 2012 Refunding Series A				
		7,510 2012 Refunding Series C				
		6,325 2012 Series D				
		100,000 2013 Series A				
		7,920 2014 Refunding Series C				
		5,485 2015 Series A				
		43,690 2015 Refunding Series C	$	237,698	$	222,005
10/2019 Cash Defeasance	$	63,680 2009 Series C				
		2,285 2009 Series E				
		10,181 2010 Series M2 (1)				
		19,403 2011 Series M1 (1)				
		31,775 2012 Series D				
		32,370 2012 Series M1(1)				
		15,088 2012 Series M1 (1)				
		13,230 2012 Series M2 (1)				
		3,048 2013 Series M1 (1)				
		10,400 2015 Series M1 (1)				
		10,926 2016 Series M1 (1)				
		147,670 2016 Series D				
		18,275 Lake Moultire Water System CP		127,255		116,336
Total			$	364,953	$	338,341

(1) Includes Current Interest-Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Analysis of Prior Year Current Portion of Long-term Debt

As a part of its long-term capital structure plan, the Authority will be involved in a multi-year refinancing plan. As a result, each year certain maturities classified as current portion of long-term debt may be refinanced in the subsequent year prior to the maturity date.

Below is an analysis of the 2018 current portion of long-term debt showing the amounts paid as debt service in 2019. The remaining amount represents five percent of the original principal for all outstanding minibond issues.

Analysis of December 31, 2018 Current Portion of Long-term Debt:	(Thousands)
Principal debt service paid from 2019 Revenues	$ 45,905
Other:	
5% current portion requirement for original minibond issue amount [1]	17,545
Total	$ 63,450

[1] Represents five percent annual cap on the requirement related to put features on all outstanding minibond issues. This is an accounting entry only and does not impact debt service.

An analysis of the $48,546 current portion of long-term debt at December 31, 2017 showed that $29,263 was debt service paid from revenues. Also included in the current portion was $1,738 in minibond capital appreciation bonds, accretion paid in 2018 but collected as debt service during years prior to the maturity date. The remaining $17,545 represented five percent of the original principal for outstanding minibond issues.

Reconciliations of Interest Charges

Years Ended December 31,	**2019**	2018
	(Thousands)	
Reconciliation of interest cost to interest expense:		
Total interest cost	**$ 340,184**	$ 360,822
Interest charged to fuel expense	**(951)**	(4,563)
Total interest expense on long-term debt	**$ 339,233**	$ 356,259
Reconciliation of interest cost to interest payments:		
Total interest cost	**$ 340,183**	$ 360,822
Accrued interest-current year	**(40,401)**	(46,383)
Accrued interest-prior year	**46,383**	50,383
Interest released by refundings	**(6,061)**	(4,470)
Accretion on capital appreciation minibonds	**(2,221)**	(2,651)
Total interest payments on long-term debt	**$ 337,883**	$ 357,701

Debt Service Coverage

Years Ended December 31,	2019	2018
	(Thousands)	
Operating revenues	**$ 1,722,676**	$ 1,806,620
Interest and investment revenue	**7,922**	11,103
Total revenues and income	**1,730,598**	1,817,723
Operating expenses	**(1,319,872)**	(1,400,061)
Depreciation	**197,613**	186,950
Total expenses	**(1,122,259)**	(1,213,111)
Funds available for debt service prior to distribution to the State and Special Item (*See Note 16 – Special Item*)	**608,339**	604,612
Distribution to the State	**(17,496)**	(17,397)
Special Item	**(200,000)**	0
Funds available for debt service after distribution to the State	**$ 390,843**	$ 587,215
Debt Service on Accrual Basis:		
Principal on long-term debt	**$ 81,361**	$ 30,955
Interest on long-term debt	**342,263**	360,264
Long-term debt service paid from Revenues	**423,624**	391,219
Commercial paper and other principal and interest	**22,904**	21,428
Total debt service paid from Revenues	**$ 446,528**	$ 412,647
Debt Service Coverage Ratio:		
Excluding commercial paper and other:		
Prior to distribution to the State and Special Item	**1.43**	1.54
After distribution to the State and Special Item	**0.92**	1.50
Including commercial paper and other:		
Prior to distribution to the State and Special Item	**1.36**	1.46
After distribution to the State and Special Item	**0.87**	1.42

Fair Value of Debt Outstanding

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was $7.5 billion and $7.4 billion at December 31, 2019 and 2018, respectively.

Bond Market Transactions

Bond market transactions for the year ended December 31, 2019 were as follows:

Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A	Par Amount: $163,005,000	Date Authorized: November 13, 2019

Summary: - Issued on November 21, 2019 at a projected all-in true interest cost of 1.744 percent
- Matures January 1, 2036 (sinking funds 2021 – 2036)

Debt Covenant Compliance

As of December 31, 2019, and 2018, management believes the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

(1) the Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's Electric and Water Systems and all necessary repairs, replacements and renewals thereof; and
(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

All Authority debt (Electric and Water Systems) issued pursuant to the Revenue Obligation Resolution is payable solely from and secured by a lien upon and pledge of the applicable Electric and Water Revenues of the Authority. Revenue Obligations are senior to:

(1) payment of expenses for operating and maintaining the Systems;
(2) payments for debt service on commercial paper;
(3) payments made into the Capital Improvement Fund.

As of December 31,	**2019**	2018
Outstanding Revenue Obligations	**$ 6.6 Billion**	$ 7.0 Billion
Estimated remaining interest payments	**$ 6.8 Billion**	$ 7.3 Billion
Issuance years (inclusive)	**2009 through 2019**	2004 through 2016
Maturity years (inclusive)	**2020 through 2056**	2019 through 2056

Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.

The Authority has outstanding indebtedness subject to the terms of its Master Revenue Obligation Resolution dated April 26, 1999 (Master Resolution), which contains a provision permitting the acceleration of all principal and interest on revenue obligations should there be an Event of Default.

Note 6 – Variable Rate Debt

The Board has authorized the issuance of variable rate debt not to exceed 20 percent of the aggregate Authority debt outstanding (including commercial paper) as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. At December 31, 2019, six percent of the Authority's aggregate debt outstanding was variable rate. The lien and pledge of Revenues securing variable rate debt issued as Revenue Obligations is senior to that securing commercial paper.

Commercial paper is issued for valid corporate purposes with a term not to exceed 270 days. The information related to commercial paper was as follows:

Years Ended December 31,	**2019**	2018
Commercial paper outstanding (000's)	**$ 142,351**	$ 173,898
Effective interest rate (at December 31)	**1.89%**	2.48%
Average annual amount outstanding (000's)	**$ 164,890**	$ 165,853
Average maturity	**47 Days**	38 Days
Average annual effective interest rate	**2.40%**	2.01%

As of December 31, 2019, the Authority had secured Irrevocable Direct Pay Letters of Credit and Reimbursement Agreements with Bank of America, N.A. totaling $200.0 million. These agreements are used to support the Authority's issuance of up to $200.0 million of commercial paper. As of December 31, 2018, the Authority had secured Irrevocable Direct Pay Letters of Credit and Reimbursement Agreements with Bank of America, N.A. and Wells Fargo Bank, N.A. totaling $278.1 million. The Wells Fargo Agreement was terminated in June 2019. These agreements were used to support the Authority's issuance of up to $250.0 million of commercial paper. There were no borrowings under the agreements during 2019 or 2018. The unused available capacity on this line was $57,649 as of December 31, 2019.

As of December 31, 2019, the Authority had a Revolving Credit Agreement with Barclays Bank PLC for $200.0 million. This agreement is used to obtain funds if needed for capital projects and working capital. The agreement was entered into on September 22, 2015, was amended on June 9, 2017, and expires November 26, 2020. In March 2018, the Authority secured a $42.0 million loan under the Direct Purchase Revolving Credit Agreement for capital expenditures. The Authority paid off $142.0 million of these loans in 2018. A total of $30.0 million of loans under this Agreement remain outstanding at December 31, 2018. In October 2019, the Authority secured a $64 million loan and in November 2019 secured a $14 million loan under the Revolving Credit Agreement for capital expenditures. The Authority paid off $30.0 million of these loans in 2019. A total of $78.0 million of loans under this Agreement remained outstanding at December 31, 2019. The unused available capacity on this line was $122,000 as of December 31, 2019.

As of December 31, 2019, the Authority had a Revolving Credit Agreement with TD Bank, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on July 27, 2017 and expires June 30, 2021. In March 2018, the Authority secured a $12.0 million loan under the Revolving Credit Agreement for capital expenditures. The Authority paid off $121.0 million of these Direct Purchase Revolving Credit Agreement loans in 2018. A total of $79.0 million of loans under this Agreement remained outstanding at December 31, 2018. The Authority paid off $24.2 million of these loans in 2019. A total of $54.8 million of loans remain outstanding at December 31, 2019. The unused available capacity on this line was $145,234 as of December 31, 2019.

As of December 31, 2019, the Authority had a Revolving Credit Agreement with J.P. Morgan Chase Bank, N.A. for $250.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on August 1, 2017, and expires August 7, 2020. In August 2017, the Authority secured a $2.5 million loan under the Revolving Credit Agreement to pay off $2.5 million of Commercial Paper Notes. A total of $2.5 million of loans under this Revolving Credit Agreement remain outstanding at December 31, 2019. The unused available capacity on this line was $247,500 as of December 31, 2019.

In 2019 the Authority secured an Irrevocable Direct Pay Letter of Credit and Reimbursement Agreement with Bank of America, N.A. totaling $163.0 million dated November 1, 2019 to support the Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A. There were no borrowings during 2019.

The Authority has entered into a Reimbursement Agreement with Bank of America, N.A. dated November 1, 2019 (the 2019 Agreement), in support of the Authority's issuance of approximately $163MM of variable rate revenue obligations (2019A Bonds). An event of a default by the Authority under the 2019 Agreement can result in a mandatory tender of the 2019A Bonds and purchase of the obligations by the Bank and the payment by the Authority of the principal component of the purchase price of the Bonds, including interest thereon, on the 180th day following the date the Liquidity Advance was made.

The Authority also has debt outstanding under Revolving Credit Agreements (RCAs) and Reimbursement Agreements with the banks identified above. The RCAs contain provisions permitting, with written notice, the acceleration of outstanding debt and accrued interest upon an event of default. The RCAs also contain provisions permitting the applicable lender to terminate its agreement and refuse to advance further funds. The Revolving Credit Agreement with TD Bank, N.A. additionally contains a provision suspending its obligation to advance funds without written notice upon the Authority's bankruptcy or insolvency. The Reimbursement Agreement contains provisions permitting, by notice, the acceleration of debt outstanding under the Agreement upon an Event of Default and accelerating debt outstanding under the Agreement without such notice upon the occurrence of an Event of Default relating to certain acts of bankruptcy or insolvency relating to the Authority. The Reimbursement Agreement also contains provisions that can also result in the Bank delivering a Final Drawing Notice stating that an Event of Default has occurred under the Agreement, directing that no additional Series D/DD Notes be issued and stating that the Letter of Credit will terminate on the earlier of (i) the tenth day following the delivery of such notice and (ii) the date on which the Drawing resulting from the delivery of such notice is honored by the Bank.

Note 7 – Summer Nuclear Station

Summer Nuclear Unit 1

The Authority and Dominion are parties to a joint ownership agreement providing that the Authority and Dominion shall own Unit 1 at the Summer Nuclear Station ('Summer Nuclear Unit 1" with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. Dominion is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Summer Nuclear Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. In 2004, the NRC granted a twenty-year extension to the operating license for Summer Nuclear Unit 1, extending it to August 6, 2042.

Authority's Share of Summer Nuclear - Unit 1		
Years Ended December 31,	**2019**	2018
	(Millions)	
Plant balances before depreciation	**$ 684.8**	$ 579.6
Accumulated depreciation	**351.9**	347.6
Operation & maintenance expense	**97.5**	80.8

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. This amortization is included in fuel expense and recovered through the Authority's rates.

Dominion contracted with HOLTEC International, The Shaw Group, Inc. and Westinghouse to build a licensed Independent Spent Fuel Storage Installation ("ISFSI"), which was completed and commenced receiving fuel in 2016. Because of Department of Energy's ("DOE") failure to meet its obligation to dispose of spent fuel, Dominion and the Authority are being reimbursed by DOE for a portion of ISFSI project costs. The Authority expects this reimbursement will equal approximately 75 percent of total project costs.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2016 and the NRC's imposed minimum requirement. Based on these estimates and assuming a SAFSTOR (delayed) decommissioning, the Authority's one-third share of the estimated decommissioning costs of Summer Nuclear Unit 1 equals approximately $415.1 million in 2016 dollars. As deposits are made, the Authority debits FERC account 532 – Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates. During 2018 $12.0 million was transferred out of the internal fund because that fund's balances exceeded necessary funding and this withdrawal was credited to FERC account 532 as well.

Based on current decommissioning cost estimates, these funds, which total approximately $230.9 million (adjusted to market) at December 31, 2019, along with investment earnings, additional contributions, and credits from future DOE reimbursements for spent fuel storage, are estimated to provide enough funds for the Authority's one-third share of the total decommissioning cost for Summer Nuclear Unit 1.

Summer Nuclear Units 2 and 3

Timeline of Events Relative to Summer Nuclear Units 2 and 3

2008. In January of 2008, the Authority approved a generation resource plan that included the development of two new 1,117 MW nuclear generating units (individually, "Summer Nuclear Unit 2" and "Summer Nuclear Unit 3" and together, "Summer Nuclear Units 2 and 3") at the V.C. Summer Nuclear Generating Station. Summer Nuclear Units 2 and 3 would be jointly owned by the Authority (45% ownership interest) and, at the time, SCE&G (now known as Dominion) (55% ownership interest) (together, the "Owners").

The cost of Summer Nuclear Units 2 and 3 was originally estimated to be approximately $9.8 billion. Based on its 45% ownership interest, the Authority's portion of the cost to construct Summer Nuclear Units 2 and 3 was approximately $4.4 billion. The Authority's funding sources for Summer Nuclear Units 2 and 3 consisted of the proceeds of Revenue Obligations issued pursuant to the Revenue Obligation Resolution between 2008 and 2016 and currently outstanding in the aggregate principal amount of $3,626,928,000 as of December 31, 2019.

In March of 2008, SCE&G applied to the NRC for Combined Construction and Operating Licenses (the "COLs") to build Summer Nuclear Units 2 and 3. In May of that year, SCE&G, acting for itself and as agent for the Authority, entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a contractor consortium consisting of Westinghouse and Stone & Webster, Inc. ("Stone & Webster" and together with Westinghouse, the "Consortium"), a wholly-owned subsidiary of Shaw. Under the EPC Agreement, the Consortium would supply, construct, test and start up Summer Nuclear Units 2 and 3, with guaranteed substantial completion dates of April 2016 for Summer Nuclear Unit 2 and January 2019 for Summer Nuclear Unit 3. In addition, Westinghouse's indirect parent company, Toshiba Corporation ("Toshiba"), provided a guaranty of Westinghouse's payment obligations under the EPC Agreement (the "Guaranty") and Stone & Webster's parent company, Shaw, likewise provided a guaranty of Stone & Webster's payment obligations under the EPC Agreement.

The Authority and SCE&G, in turn, would pay, in proportion to their respective ownership interests in Summer Nuclear Units 2 and 3, a contract price of $6,366,900,000, subject to certain fixed price escalations and adjustments, adjustments for change orders and bonuses, and adjustments for cost overruns. The Authority and SCE&G would also pay costs associated with ancillary project facilities, staffing, project management and oversight by SCE&G and the Authority.

Summer Nuclear Units 2 and 3 were to be completed in two phases. Phase I of the work consisted of the Consortium's engineering support and other services required by the Owners to support licensing efforts for Summer Nuclear Units 2 and 3 (including receipt of approvals from the PSC), continuation for design work, project management, engineering and administrative support to procure long lead time equipment, construction mobilization, site preparation, site infrastructure development, and installation of construction facilities ("Phase I"). Phase II consisted of the remainder of the work required to supply, construct, test and start up Summer Nuclear Units 2 and 3 ("Phase II"). Phase I commenced in May of 2008.

2012. In March of 2012, the NRC issued the COLs with certain conditions for Summer Nuclear Units 2 and 3. The Authority and SCE&G submitted an overall integration plan to the NRC for Summer Nuclear Units 2 and 3 in August of 2013 in order to meet these conditions.

Phase I was completed in April of 2012 with the issuance of a Full Notice to Proceed by the Owners following receipt of the COLs. Also, in April, the Authority approved a construction budget for Summer Nuclear Units 2 and 3 of $5,148,948,000 including related transmission and initial nuclear fuel cores.

During the course of activities under the EPC Agreement, issues materialized that affected the budget and schedule for Summer Nuclear Units 2 and 3. The Consortium made claims to the Owners for additional costs relating to delays in receiving the COLs, design modifications of the shield building and certain pre-fabricated structural modules and unanticipated rock conditions at the site of Summer Nuclear Units 2 and 3. In July of 2012, the Owners agreed to a financial settlement with the Consortium, with the Authority's share (based on its 45% ownership interest) equaling approximately $113 million. As a result of the settlement, the guaranteed substantial completion dates were changed to March 2017 for Summer Nuclear Unit 2 and May 2018 for Summer Nuclear Unit 3.

Subsequent to July 2012, the Consortium continued to experience delays in constructing Summer Nuclear Units 2 and 3 due to incomplete engineering and the schedule for fabrication and delivery of the sub-modules. As a result of these delays, the anticipated substantial completion dates were further revised by the Consortium to December 2017-March 2018 for Summer Nuclear Unit 2 and March 2019 for Summer Nuclear Unit 3. These revised dates were not accepted by the Owners as new guaranteed substantial completion dates.

2013 and 2014. Stone & Webster was sold by Shaw to Chicago Bridge & Iron Company ("CB&I") in February of 2013. Shaw's parental guaranty of Stone & Webster's payment obligations under the EPC Agreement was replaced by a parental guaranty from CB&I as part of the transaction.

First nuclear concrete was placed on Summer Nuclear Unit 2 in March of 2013 and on Summer Nuclear 3 in November of 2013. In August 2014, SCE&G and the Authority received a preliminary cost estimate associated with the schedule delays at Summer Nuclear Units 2 and 3 of approximately $1.2 billion for non-firm and non-fixed scopes of work. The anticipated substantial completion dates for Summer Nuclear Units 2 and 3 were also further revised by the Consortium to June 2019 for Summer Nuclear Unit 2 and June 2020 for Summer Nuclear Unit 3. These revised dates were not accepted by the Owners as new guaranteed substantial completion dates.

2015 and 2016. In August of 2015, legal representatives for the Owners executed a Professional Services Agreement with Bechtel Power Corporation, an engineering, procurement, construction, and project management company ("Bechtel"). In February of 2016, Bechtel released its report, identifying significant issues facing Summer Nuclear Units 2 and 3 and recommending corrective actions in the areas of project management, engineering, procurement, construction and project controls and startup.

In October of 2015, the Owners and the Consortium amended the EPC Agreement, effective December 31, 2015 (the "2015 EPC Amendment"), to, among other things, resolve outstanding disputes, modify the Consortium structure to reflect the acquisition of Stone & Webster by Westinghouse, release by the Owners of the CB&I parent guaranty, modify other key terms, and further revise the guaranteed substantial completion dates for Summer Nuclear Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

In particular, the 2015 EPC Amendment: (i) resolved by settlement and release substantially all outstanding disputes between the Owners and the Consortium in exchange for: (a) an additional payment by the Owners of $300 million (the Authority's share (based on its 45% ownership interest) equaling $135 million) and (b) a credit to the Owners of approximately $50 million (the Authority's share (based on its 45% ownership interest) equaling approximately $23 million) applied to the target component of the contract price; (ii) capped the aggregate liquidated damages resulting from the Consortium's failure to comply with schedule guarantees at $463 million for each of Summer Nuclear Units 2 and 3 (adjusted to $338 million upon the exercise of the Fixed Price Option discussed below) (the Authority's share (based on its 45% ownership interest) after the adjustment equaling approximately $152 million); (iii) provided for Toshiba to reaffirm the Guaranty; and (iv) included an irrevocable option (the "Fixed Price Option") to fix the total amount to be paid to the Consortium for its entire scope of work on Summer Nuclear Units 2 and 3 (with some limited exclusions) after June 30, 2015 at $6.082 billion (the Authority's share (based on its 45% ownership interest) equaling approximately $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. SCE&G, on behalf of the Owners, exercised the Fixed Price Option in July of 2016.

In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba's credit ratings declined to below investment grade. As a result, in 2016, the Owners exercised their right under the EPC Agreement to demand, and Westinghouse, through Toshiba, provided, payment and performance bonds in the form of standby letters of credit totaling $45 million (the Authority's share (based on its 45% ownership interest) equaling $20.3 million).

In June of 2016, the Authority approved an approximate $1.1 billion increase in the Authority's construction budget for Summer Nuclear Units 2 and 3 from the approximate $5.1 billion approved on April 5, 2012 to approximately $6.2 billion, consisting of approximately $220 million for transmission, approximately $139 million for the initial fuel core and approximately $5.9 billion for construction of the units.

As of October 2016, the Authority had financed approximately $4.2 billion of its share of the construction costs of Summer Nuclear Units 2 and 3 using proceeds of Revenue Obligation issues sold beginning in 2008. The Authority intended to fund its remaining construction costs using the proceeds of additional Revenue Obligation and Commercial Paper Note issuances in calendar years 2017 through 2020, as well as proceeds from the sale of a five percent (5%) ownership interest in Summer Nuclear Units 2 and 3 to SCE&G. On December 27, 2016, Toshiba publicly announced a likely multi-billion dollar write-off associated with Westinghouse's acquisition of Stone & Webster.

2017. In February of 2017, Toshiba announced a $6.3 billion write-down on the value of Westinghouse, stemming from its two U.S. nuclear construction projects, Summer Nuclear Units 2 and 3 and Units 3 and 4 at the Vogtle nuclear power plant located in Burke County, Georgia ("Vogtle Nuclear Units 3 and 4"). A month later, Westinghouse and 29 affiliated companies filed a petition pursuant to Chapter 11 of the Bankruptcy Code (the "Petition") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

After the filing of the Petition, the Owners, led by SCE&G, conducted a comprehensive analysis regarding the continued viability of Summer Nuclear Units 2 and 3. The analysis revealed that: (i) the costs to complete Summer Nuclear Units 2 and 3 (including labor costs) would be much higher than previously expected; and (ii) the construction schedule would take much longer than previously expected. In particular, (i) the Owners' analysis estimated that completion of Summer Nuclear Units 2 and 3 would be delayed until 2023 for Summer Nuclear Unit 2 and 2024 for Summer Nuclear Unit 3 and (ii) the new cost estimate for Summer Nuclear Units 2 and 3 was over $25 billion, placing the Authority's 45% share at $11.4 billion ($8 billion in construction costs and $3.4 billion in interest expense), an increase from the then-current projected cost of $6.2 billion.

The Owners also entered into negotiations with Toshiba for the purpose of acknowledging and defining Toshiba's obligations under the Guaranty and establishing a schedule for the full payment of such obligations to the Owners. As a result, in July of 2017, the Owners and Toshiba entered into a Settlement Agreement (the "Toshiba Settlement Agreement") which included: (A) Toshiba's agreement: (i) that it would pay the Guaranty obligation in the amount of $2.168 billion (the Authority's share (based on its 45% ownership interest) equaling $975.6 million)), in accordance with a payment schedule commencing in 2017 and continuing through 2022; (ii) that payment of the Guaranty obligation would not be dependent on the completion of either or both of Summer Nuclear Units 2 and 3; (iii) that the Owners were not releasing any claims or rights against Westinghouse; and (iv) not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance Toshiba's financial condition; (B) the Owners' agreement: (i) that the distribution proceeds received from the Westinghouse bankruptcy proceeding would be a credit against the Guaranty; and (ii) not to exercise their remedies under the Guaranty, absent a default, until September 2022; and (C) Toshiba's and the Owners' agreement, along with Westinghouse and the owners of Vogtle Nuclear Units 3 and 4, to: (i) work towards an expeditious sale of Westinghouse, and (ii) enter into a consent order in the Bankruptcy Court that approved the assignment by Toshiba to the Owners and the owners of Vogtle Nuclear Units 3 and 4 of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba and any of Toshiba's rights against Westinghouse relating to loans and similar receivables.

On July 31, 2017, the Authority approved the wind-down and suspension of construction of Summer Nuclear Units 2 and 3 and the preservation and protection of the site and related components and equipment. SCANA approved similar action on the same day. To date, the Authority had spent approximately $4.7 billion in construction and interest costs. Upon suspending construction, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund Summer Nuclear Units 2 and 3 as of July 31, 2017.

In early September of 2017, the Owners filed two proofs of claim in unliquidated amounts in connection with the Westinghouse bankruptcy proceeding. On September 27, 2017, the Owners and Citibank, N.A. ("Citibank") entered into an Assignment and Purchase Agreement (the "Assignment and Purchase Agreement"), pursuant to which the Owners sold and assigned rights to receive payment under the Toshiba Settlement Agreement and rights, duties and obligations arising under the two proofs of claim filed in the Westinghouse bankruptcy proceeding to Citibank, in exchange for a purchase price of $1,847,075,400 (the Authority's share (based on its 45% ownership interest) equaling $831,183,930). Excluded from the sale was the initial $150 million payment (the Authority's share (based on its 45% ownership interest) equaling $67.5 million) received by the Owners under the Toshiba Settlement Agreement. On the same day, Citibank entered into an agreement with Citigroup Financial Products, Inc. ("CFPI") pursuant to which Citibank sold, assigned, and transferred to CFPI all of Citibank's rights, title and interest in the Assignment and Purchase Agreement to CFPI.

In December of 2017, SCE&G submitted a letter request to the NRC for approval to withdraw the COLs for Summer Nuclear Units 2 and 3. In response, the Authority submitted a letter to the NRC requesting that the NRC not take action until the Authority could evaluate the possible risks associated with taking on the nuclear licenses itself. However, in January of 2019, the Authority notified the NRC of its consent to SCE&G's request to terminate the COLs. The NRC approved the termination of the COLs in March of 2019.

2018 and 2019. In January of 2018, the Owners entered into Amendment No. 1 of the Toshiba Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement. These amendments had the effect of capping at $60 million the Owners' current obligation to reimburse CFPI for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3 (the Authority's share based on its 45% ownership interest equaling $27.0 million). Also, in January, the State's Department of Revenue ("DOR") notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 and 3 had been assigned for a sales and use tax audit. During a meeting in February, the DOR took the position that, because Summer Nuclear Units 2 and 3 had been abandoned and the facility was not completed and would not produce electricity, the materials for Summer Nuclear Units 2 and 3 were not tax-exempt and sales tax payments were due on previously tax-exempt purchases. In May, the DOR issued a proposed notice of assessment in the amount of $421 million. The Authority has submitted a protest to the notice of proposed assessment and continues to dispute the position that sales taxes are due and owing.

On March 28, 2018, the Bankruptcy Court entered an order confirming Westinghouse's Chapter 11 plan of reorganization (the "Plan of Reorganization"). The Plan of Reorganization provided for the sale of Westinghouse to Brookfield Business Partners, L.P. ("Brookfield") for $4.6 billion, which occurred in August of 2018. The Plan of Reorganization also provided for the creation of W. Wind Down Company, LLC ("Wind Down Company") for the purpose of administering Westinghouse's obligations under the Plan of Reorganization along with a committee known as the Plan Oversight Board to oversee and direct Wind Down Company in its implementation and administration of the Plan of Reorganization. The Westinghouse Plan of Reorganization also provided for the payment of claims made by allowed general unsecured creditors in an amount equal to the lesser of: (i) their pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Under the Plan of Reorganization, creditors providing materials and services at the site of Summer Nuclear Units 2 and 3 were classified as Class 3A General Unsecured Creditors. In December of 2018, an initial distribution was made on behalf of the Westinghouse estate to Class 3A General Unsecured Creditors equaling approximately 25% of the allowed amount of each claim. Subsequently, a catch-up payment was made representing 75% of the allowed amount of each claim. Representatives of Wind Down Company, represented to the Owners that funds have been reserved to pay 100% of the presently disputed claims by the Class 3A General Unsecured Creditors if such claims were to become Allowed Claims, consistent with Section 8.7 of the Plan of Reorganization. In the event that such disputed claims are not paid in full from the Westinghouse estate, the Class 3A General Unsecured Creditors could claim that the Authority is liable for payment under a mechanic's lien theory.

In June of 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation (MPD) Program to preserve the equipment relative to Summer Nuclear Units 2 and 3 for sale. The Authority contracted with Fluor to perform an assessment of the condition of the equipment and to implement an MPD Program to help protect its value. Fluor began this scope of work in July of that year. The Authority has since approved an extension of the MPD Program through the end of 2019. The Authority spent $4.2 million for work performed in 2018 and has spent $5.0 million for work performed in 2019 to preserve the equipment.

On August 30, 2018, the Owners filed with the Westinghouse bankruptcy proceeding a "Request for Allowance and Payment of Administrative Claim by South Carolina Electric & Gas Company and South Carolina Public Service Authority for Overpayment to the Debtors under the Interim Assessment Agreement Entered in Connection with the VC Summer Project." ("Administrative Claim") That Administrative Claim was objected to by Wind Down Company on April 30, 2019. Wind Down Company provided the Owners two voluntary partial refunds of overpayments of $5,328,046.00 and $2,677,420.08 on April 19, 2019 and July 10, 2019, respectively (the Authority's share of the partial refunds based on its 45% ownership interest equaling $3,602,459.74).

In January of 2019, SCANA and its subsidiaries, including SCE&G, merged with Dominion. Through the merger, SCANA became a wholly-owned subsidiary of Dominion.

On December 23, 2019, the Owners enter into a Settlement Agreement with Wind Down Company, CFPI, and the Plan Oversight Board, under which the Owners would withdraw their Administrative Claim in full and with prejudice, and Wind Down Company would transfer $60 million to CFPI in complete and full satisfaction Owners' then-current obligation to reimburse CFPI under the Assignment and Purchase Agreement for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3.

(See Note 17 – Subsequent Events for matters occurring after December 31, 2019.)

Note 8 – Leases

Capital Leases

The Authority, as lessor, has a capital lease (the "Office Site Ground Lease Agreement") with Volvo Car USA, LLC, as lessee, covering a ground lease for an improved office site and associated acreage. The lease term is 20 years with annual payments of $404,166.59 due each January 1st, starting January 1, 2018. The sum of the minimum lease payments total $8.1 million and include site work of $5.9 million, land of $0.5 million and interest of $1.7 million (based on the 20-year Treasury Bill on the effective rate of 2.58%). Volvo Car USA, LLC has options to purchase the office site as follows:

1. At any time until the expiration of the capital lease term, Volvo Car USA, LLC shall have a purchase option, the price of which shall be determined as: (i) the amount sufficient to repay in full the land purchase price of $0.5 million; plus (ii) the costs and expenses incurred by the Authority for the site preparation of $5.9 million; plus (iii) interest added at 2.58% per annum; accruing from the work completion date through and until the date of payment by Volvo Car USA, LLC to Santee Cooper of the option purchase price; less (iv) the amount of rent paid by Volvo Car USA, LLC to the Authority as of the date of payment by Volvo Car USA, LLC of the option purchase price.
2. At expiration of the capital lease and if Volvo Car USA, LLC has paid all rent in accordance with the capital lease, Volvo Car USA, LLC shall have a purchase option with an option purchase price of $1.

Total minimum lease payments to be received from Volvo Car USA, LLC as of December 31, 2019 are as follows:

Year Ending December 31,	Minimum Lease Payments (Thousands)
2020	$ 404
2021	404
2022	404
2023	404
2024	404
Thereafter	5,255
Total	$ 7,275

Operating Leases

Hydroelectric generating facility lease (Buzzard's Roost):

- Obligation is $600,000 per year plus operating expenses
- Lease will terminate on March 3, 2020.

Note 9 – Contracts with Electric Power Cooperatives

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the "Coordination Agreement"). Under the Coordination Agreement, the Authority is the predominant supplier of energy needs for Central, excluding amounts supplied by Duke to the Upstate Load which is defined below, energy Central receives from the Southeastern Power Administration ("SEPA") and negligible amounts generated and purchased from others.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position. Such adjustments in 2019 and 2018 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, permitted Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives, (Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc.) who are directly connected to the transmission system of Duke the ("Upstate Load"), from a supplier other than the Authority. The Upstate Load began transitioning to the new supplier, Duke, in 2013. The load transition was complete on January 1, 2019 and amounted to approximately 900 MW.

In 2013 the Central and Authority Boards approved an Amendment to the Coordination Agreement. As part of this Central agreed to extend their rights to terminate the agreement until December 31, 2058. The Coordination Agreement includes a 10-year rolling notice provision. For a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. The Coordination Agreement provides for closer cooperation on planning of future resources, gives Central the ability to "opt-out" of future generation resources, and provides for cost recovery of all resources completed or under construction as of the amendment effective date, including Summer Nuclear Units 2 and 3. Certain matters between the Authority and Central relating to the nuclear project are the subject of litigation, however, the parties continue to conduct business pursuant to the terms of the Coordination Agreement.[2]

Note 10 – Commitments and Contingencies

Budget - The Authority's 2020 three-year capital budget is as follows:

Years Ending December 31,	2020	2021	2022
		(Millions)	
Environmental Compliance [1]	$ 49.4	$ 48.0	$ 50.3
New Load & Resource Plan [2]	0.0	16.9	55.1
General System Improvements and Other [3]	219.1	227.7	177.0
Total Capital Budget [4]	$ 268.5	$ 292.6	$ 282.4

Budget Assumptions:
[1] Environmental Compliance is composed of project costs associated with ash pond closures and solid waste.
[2] Reflects future generation and transmission costs associated with the load and resource plan in accordance with Santee Cooper's Reform Plan.
[3] Other includes Advanced Metering Infrastructure, FERC Relicensing, Camp Hall, and Renewables.
[4] Will be financed by internal funds or debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2019. The disclosure of minimum obligations (including market re-opener contracts) shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under current long-term arrangements. Additional arrangements are expected to meet the Authority's full demand.

Years Ending December 31,	With Re-openers (All Tons) [1]	Without Re-openers (Fixed Tons) [2]
	(Thousands)	
2020	$ 153,143	$ 138,218
2021	126,910	108,160
2022	0	0
2023	0	0
Total	$ 280,053	$ 246,378

[1] Includes tons which the Authority can elect not to receive.
[2] Includes tons which the Authority must receive.

The Authority has the following outstanding obligations under existing long-term capacity and purchased power contracts as of December 31, 2019:

Contracts with Minimum Fixed Payment Obligations[1]

Number of Contracts	**Delivery Beginning**	**Remaining Term**	**Obligations (Millions)**
1	1985	16 Years	$ 0

[1] Obligation reflects the Authority's position that the Rediversion contract does not require a capacity payment beyond the 30-year period which ended on March 23, 2015. (See Footnote 10 – "Legal Matters")

[2] See Footnote 10 – "Legal Matters" for a description of a litigation under the subheading *"Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, Palmetto Elec. Coop., & Central Elec. Pwr. Coop"* for a description of Central's cross-claim against the Authority seeking, among other things, a declaratory judgment that Santee Cooper breached the Coordination Agreement.

Contracts with Power Receipt and Payment Obligations [1]

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	6 Years	$ 105.1
2	2013	24 Years	497.2
1	2013	14 Years	6.2

[1] Payment required upon receipt of power. Assumes no change in indices or escalation.

The Authority purchases network integration transmission service through transmission agreements with Dominion, SOCO and Duke. This network transmission service is used to serve wholesale customers who are not in the Authority's direct-served territory; the Authority is obligated for costs associated with these transmission agreements. The table below shows the transmission obligations in 2020 and the total transmission obligations for 2021-2030. The wholesale customer obligations below represent projected transmission amounts through the term of the current contracts.

Transmission Obligations

	2020	2021-2030
	(Thousands)	
Other Customers	$ 7,747	$ 44,913
Total	$ 7,747	$ 44,913

CSX Transportation, Inc. ("CSX") provides substantially all rail transportation service for the Authority's Cross and Winyah coal-fired generating stations. The Authority also interchanges with some short line railroads via CSX for the movement of coal as well. The CSX contract, effective January 1, 2011, and extended per amendment through December 31, 2021, effective January 1, 2018, continues to apply a price per ton of coal moved, along with a mileage based fuel surcharge and minimum tonnage obligation.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for Summer Nuclear Units 1, 2 and 3. As of December 31, 2019, these contracts total approximately $124.4 million over the next 14 years.

On May 12, 2008, Dominion (formerly known as SCE&G), for itself and as agent to the Authority, entered into a Uranium Hexafluoride ("UF6") Supply Agreement with Cameco, Inc. ("Cameco"), a Nevada corporation that supplies uranium products (the "Original Agreement"). The Original Agreement called for delivery of a total of 1,535,000 kilograms of elemental uranium ("kgU") of UF6 to Dominion. The total quantity to be delivered was spread out over the 2010 to 2016 time-period with an annual base quantity specified for each year. The Original Agreement was subsequently amended on January 25, 2011 (the "Amendment") (the Original Agreement, as amended by the Amendment, is hereinafter referred to as the "Agreement"), to provide for additional deliveries of UF6 over an extended contract term covering the period of 2017 to 2020. The Amendment called for an additional 1,640,000 kgU of UF6 to be delivered with 410,000 kgU identified as the annual base quantity for each year of the extended term. The Amendment also modified the pricing terms.

On December 18, 2018, Cameco initiated an arbitration proceeding alleging that Dominion was in breach of the Agreement when it did not take and pay for the full quantity of UF6 to be delivered under the Agreement, for use in Summer Nuclear Unit 1 and Summer Nuclear Units 2 and 3. The Authority, as co-owner of those plants, may be responsible for a portion of any judgment against Dominion. The Authority, however, was not named as a respondent in the arbitration proceeding. The estimated amount of any such judgment is unknown at this time.

The dispute centers around Dominion's cancellation of certain UF6 deliveries in 2017 and 2018 by invoking a provision in the Agreement allowing for reductions in the delivery of UF6 resulting from reductions in existing unit operations. Specifically, Cameco alleges that Dominion wrongfully cancelled deliveries of 129,000 kgU of UF6 in 2017 and 228,000 kgU in 2018. In the arbitration, Cameco seeks an award requiring Dominion to remedy the deficiency in the price of UF6 sold by Cameco to other parties and the price at which UF6 would have been sold to Dominion under the Agreement. It further seeks an order requiring Dominion to purchase the quantities cancelled in 2017 and 2018 as well as the remaining quantities through 2020. Alternatively, it seeks damages for the alleged breach.
Dominion has denied the allegations in the arbitration proceeding. The evidentiary hearing is scheduled for October 2020.

The Authority successfully negotiated a Contractual Service Agreement with GEII, effective March 2016, that covers all units on the Rainey plant site. The Contractual Service Agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to a Contract Performance Manager ("CPM"), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. Based on the latest approved fuel forecast, the contract term extends through 2028 and the Authority's estimated remaining commitment on the contract is $64.9 million, including escalation.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation to supply gas transportation needs for its Rainey Generating Station. The service agreement is for 80,000 dekatherms per day of firm capacity. Additionally, for a term beginning November 1, 2017 through December 31, 2020, the Authority has firm capacity of an additional 25,000 dekatherms through a delivered natural gas agreement via TEA.

Byproducts- Coal combustion products ("CCP"), which include fly ash, bottom ash, and flue gas desulfurization products such as gypsum, are produced when coal is burned to generate electricity. The Authority has entered into contracts for the beneficial use of CCPs and continually looks for new markets. The Authority supplies and delivers drywall quality gypsum to American Gypsum Company (“AG”) in Georgetown, South Carolina under a long-term contract that includes a minimum and maximum supply boundary. The gypsum is primarily sourced from synthetic gypsum produced at the Cross Generating Station (“CGS”) and Winyah Generating Station (“WGS”). Currently and under projected dispatch assumptions, gypsum produced at CGS and WGS does not meet required minimums, and shortfalls are obtained from several external sources of both natural and synthetic gypsum. Sources may vary based on availability and cost. Natural gypsum is currently purchased and delivered from International Materials Inc. Synthetic gypsum is currently purchased from Cameron Ag Products, LLC (“Cam Ag”). Cam Ag provides this source via rail from various sources in the Southeast to the Authority’s Jefferies Station, from where it is delivered to AG.

Additionally, ponded ash is reclaimed from the Authority's ash ponds for use in the cement and concrete industry. Dry fly ash is recovered directly from the operating units for use in the concrete industry, and bottom ash is beneficially used by concrete block manufacturers to produce concrete block. The Authority has multiple beneficial use agreements to facilitate beneficial use activities, one of which is the STAR Processed Fly Ash Operating and Sales Agreement between the Authority and The SEFA Group, Inc. (“SEFA”). Pursuant to this Agreement, Santee Cooper supplies dry fly ash and/or ponded ash to SEFA who processes it in their staged turbulent air reactor (“STAR”) unit to produce a high quality fly ash which they market to the concrete industry. In addition, ponded gypsum, which does not meet wallboard specifications, is reclaimed from the Authority’s slurry ponds for use in the agriculture and cement industries.

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2019. Policies are subject to deductibles ranging from $500 to $2.0 million, except for named storm losses which carry deductibles from $2.0 million up to $50.0 million. Also, a $1.4 million general liability self-insured layer exists between the Authority’s primary and excess liability policies. During 2019, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, worker’s compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Estimated exposure for worker’s compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2019. In addition, there have been no third-party claims regarding environmental damages for 2019 or 2018.

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The amount of the self-insurance liabilities for auto, dental, worker’s compensation and environmental remediation is based on the best estimate available. Changes in the reported liability were as follows:

Years Ended December 31,	**2019**	2018
	(Thousands)	
Unpaid claims and claim expense at beginning of year	**$ 1,075**	$ 1,680
Incurred claims and claim adjustment expenses:		
Add: Provision for current year events	**5,486**	1,796
Less: Payments for current and prior years	**3,871**	2,401
Total unpaid claims and claim expenses at end of year	**$ 2,690**	$ 1,075

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. The State assumes all risks for the following:

(1) claims of covered employees for health benefits covered through South Carolina Public Employee Benefit Authority (“PEBA”) Insurance Benefits; and not applicable for worker’s compensation injuries; and
(2) claims of covered employees for basic long-term disability and group life insurance benefits (PEBA Insurance Benefits and PEBA Retirement Benefits).

Employees elect health coverage through the State's self-insured plans except for employee dental insurance for which the Authority is self-insured. Risk exposure for the dental plan is limited by plan provisions. Additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

Nuclear Insurance - The maximum liability for public claims arising from any nuclear incident has been established at $13.936 billion by the Price-Anderson Indemnification Act. This $13.936 billion would be covered by nuclear liability insurance of $450.0 million per reactor unit, with potential retrospective assessments of up to $137.6 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $20.5 million per incident, per year). Based on its one-third interest in Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $45.9 million, not to exceed approximately $6.8 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC. Additionally, Dominion and the Authority maintain, with Nuclear Electric Insurance Limited ("NEIL"), $1.500 billion primary and $1.250 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. Dominion and the Authority also maintain an excess property insurance policy with European Mutual Association for Nuclear Insurance (EMANI) to cover property damage and outage costs up to $415.0 million resulting from an event of non-nuclear origin. Dominion and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these policies, Dominion and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $7.6 million for the primary policy, $3.7 million for the excess policies and $1.9 million for the accidental outage policy.

SCE&G and the Authority maintained builder's risk insurance for the Summer Nuclear Units 2 and 3 construction. The builder's risk policy, carried by NEIL, was cancelled by SCE&G effective December 27, 2017, and carries a potential retrospective premium of approximately $42.0 million for six years from the cancellation date. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy coverage was cancelled by SCE&G on January 31, 2018.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2019.

Clean Air Act - The Authority endeavors to ensure that its facilities comply with all applicable environmental regulations and standards under the Clean Air Act ("CAA").

The Authority continues to review proposed greenhouse gas regulations and legislation to assess potential impacts to its operations. The latest rulemaking occurred on June 24, 2019, when the EPA issued the final Affordable Clean Energy ("ACE") Rule in following the repeal of the Clean Power Plan ("CPP"). The ACE Rule establishes heat rate improvement ("HRI") measures as the best system of emissions reduction ("BSER") for CO2 emissions from existing coal-fired EGUs. Further, the ACE Rule requires that states establish unit-specific "standards of performance" as part of a state plan and requires the state plans to be submitted within three years of the date of the final rule. The Authority is currently providing information to DHEC as they develop unit-specific standards for the State plan. From the list of proposed HRI measures in the Rule, the Authority has adopted most of the measures that are technically feasible at the Cross and Winyah Generating Stations. The State plan is currently in development and it is uncertain at this time which remaining improvements will be required.

Through the maximum achievable control technology ("MACT") regulatory process, EPA has promulgated Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants ("HAPs") from coal- and oil-fired electric utility steam boilers. The final MACT rule, renamed the Mercury and Air Toxics Standard ("MATS"), became effective April 16, 2015. The MATS rule includes emissions limitations for mercury, acid gases and other HAPS from existing and new coal-fired and oil-fired electric utility steam units. This is EPA's first national standard to reduce mercury and other air toxins from coal-fired and oil-fired power plants. On December 27, 2018, in response to a U.S. Supreme Court ruling, EPA proposed to determine that it is not "appropriate and necessary" to regulate HAP emissions from power plants under Section 112 of the Clean Air Act based on the cost of compliance relative to the HAP benefits of the regulation. However, the emissions standards and other requirements of the MATS rule would remain in place, since EPA is not proposing to remove coal-fired and oil-fired power plants from the list of sources that are regulated under Section 112 of the Act. No further developments have taken place since the deadline of final comments on April 17, 2019. All of the Authority's coal units are in compliance with the MATS rule.

Safe Drinking Water Act - The Authority continues to monitor regulatory issues impacting drinking water systems at the Authority's regional water systems, generating stations, substations and other auxiliary facilities. DHEC has regulatory authority of potable water systems in South Carolina under The State Primary Drinking Water Regulation, R.61-58; the Authority endeavors to manage its potable water systems in compliance with R.61-58.

Clean Water Act - The Clean Water Act ("CWA") prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System ("NPDES") permit program. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State. Wastewater discharges from the generating stations and the regional water plants are governed by NPDES permits issued by DHEC. Further, the storm water from the generating stations must be managed in accordance with the State's NPDES Industrial General Permit for storm water discharges. Storm water from construction activities must also be managed under the State's NPDES General Permit for storm water discharges from construction activity. The Authority endeavors to operate in compliance with these permits.

EPA issued their final rule regarding Section 316(b) of the CWA on August 15, 2014. The rule establishes requirements for cooling water intake structures ("CWISs") at existing facilities. Section 316(b) of the CWA requires that the location, design, construction and capacity of CWISs reflect the best technology available (BTA) for minimizing adverse environmental impacts. The Authority will continue to work with the regulatory agencies on implementation as required. The Authority believes compliance costs are not significant. EPA regulates oil spills prevention and preparedness under the CWA, Spill Prevention Control and Counter-measures ("SPCC"). These regulations require that applicable facilities, which include generating stations, substations and auxiliary facilities, maintain SPCC plans to meet certain standards. The Authority continually works to be in compliance with these regulations.

EPA had also been developing a new rule specifying requirements for spill prevention and preparedness for chemicals stored in aboveground storage tanks. Under a consent decree issued on February 16, 2016, EPA was required to create new regulations that established procedures, methods, equipment, and other requirements to prevent hazardous substance discharges. On June 25, 2018, EPA published a proposed rule that determined no additional actions are necessary to prevent these discharges. The public comment period for the proposed rule closed on August 24, 2018, and on September 3, 2019, EPA published a final rule stating that they are not establishing new requirements for hazardous substances under the CWA. In February of 2020, EPA entered into a consent decree with a number of environmental plaintiffs describing their intent to develop new regulations for such chemicals over the next twenty-four months, with a final action required within thirty months.

The NPDES Steam Electric Effluent Limitation Guidelines ("ELG") rule became effective on January 4, 2016. It applies to all existing steam electric units greater than 50 MWs (other than oil-fired) and was to be phased in as soon as possible beginning November 1, 2018, but no later than December 31, 2023, via the reissuance of generating station NPDES Permits. New standards included a prohibition on discharge of bottom ash transport water ("BATW") and stringent effluent limitations on flue gas desulfurization wastewater ("FGD WW"). In 2017, EPA announced its intent to conduct a new rulemaking which may revise some elements of the rule and postponed the earliest compliance dates by two years to November 1, 2020; in practice, compliance with the ELG rule is integrated with the CCR rule (discussed further below). Portions of the rule that impact the Authority were stayed with EPA's 2017 rule. EPA published a new proposed rule on November 22, 2019. Among other items, the new proposed rule extends compliance for FGD WW discharged from large baseload units to December 31, 2025 and establishes new limits which would likely require new treatment technology. The rule establishes a new subcategory for FGD WW from low utilization boilers, requiring compliance with less stringent limits by December 31, 2023. It also establishes a new subcategory for FGD WW discharge from units that certify intent to retire by December 31, 2028, declining to implement new treatment standards for this subcategory. The proposed rule also includes new language intended to allow for flexibility and limited discharge of wastewater from BATW systems. The Authority is evaluating compliance options under the proposed rule. A final rule is expected in the third quarter of 2020.

On February 14, 2019, EPA and US Army Corps of Engineers ("COE") published a proposed rule with a revised definition for Waters of the U.S. ("WOTUS") subject to federal regulation under the Clean Water Act. The proposed revised rule provides additional clarity and addresses many of the concerns posed by the broad 2015 WOTUS rule, which was formally repealed with publication of a final rule by EPA and the COE on October 22, 2019, effective December 23, 2019, essentially returning to the regulatory definition of WOTUS that was in place prior to the 2015 rule for all states. On January 23, 2020, the Army Corps and EPA issued a pre-publication final rule revising the definition of Waters of the U.S. intending to provide additional clarity and address many of the concerns posed by the broad 2015 rule. The 2020 "Navigable Waters Protection Rule" clarifies the geographic scope of federal jurisdiction under the CWA and provides exclusions for Waste Treatment Systems, ephemeral features, ditches, groundwater, artificial lakes and ponds, stormwater control features, and wastewater recycling features. The new definition will become effective 60 days from publication in the Federal Register, likely in the first half of 2020.

Hazardous and Non-Hazardous Substances, Solid Wastes and Coal Combustion Byproducts - Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and Superfund Amendments and Reauthorization Act ("SARA"), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. CERCLA provides for the reporting requirements to cover the release of hazardous substances into the environment. The Authority endeavors to comply with the applicable provisions of TSCA, CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements. The Authority strives to comply with all aspects of the Resource Conservation and Recovery Act ("RCRA") regarding appropriate disposal of hazardous wastes. The Authority's corporate policy titled Solid, Universal and Hazardous Waste (Policy Number 2-42-02) and the Corporate Waste Management Guidance Document provide guidance for the proper management and monitoring of solid, universal and hazardous waste for environmental and regulatory compliance. Additionally, the EPA regulations under the Toxic Substances Control Act ("TSCA") impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls ("PCBs") and associated equipment. The Authority's corporate policy titled PCB Management (Policy Number 5-23-04) and the PCB Management Plan provide guidance for the proper management and monitoring of PCBs for environmental and regulatory compliance.

The Solid Waste Disposal Act and Energy Policy Act give EPA authority to regulate Underground Storage Tanks ("USTs"). EPA regulations concerning USTs are contained in 40 CFR Parts 280-282. DHEC was granted state program approval in 2002 and regulates USTs under R. 61-92, Part 280. This regulation provides requirements for the design, installation, operation, closure, release detection, reporting and corrective action and financial responsibility. The Authority's corporate policy titled Underground Storage Tanks (Policy Number 2-11-02) provides guidance for the proper management and monitoring of USTs for environmental and regulatory compliance

The Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, scrubber sludge and gypsum. These wastes, known as Coal Combustion Residuals ("CCRs"), are exempt from hazardous waste regulation under the RCRA. On April 17, 2015, EPA published the CCR Rule establishing comprehensive requirements for the management and disposal of CCRs. The rule regulates CCRs as a RCRA Subtitle D, nonhazardous waste and had an effective date of October 19, 2015. The Authority continues to comply with the CCR Rule through groundwater monitoring, assessment of corrective measures and internet postings of CCR Rule reports. Long-term compliance plans to address groundwater include pond closures and utilization of Class 3 landfills at the Cross and Winyah Generating Stations for disposal of CCRs. Beneficial use of ash and gypsum results in removal of CCRs from ponds to support closure and fewer CCRs being disposed of in the on-site landfills. On November 2, 2018, DHEC issued a permit to operate the newly constructed Class 3 landfill at Winyah Generating Station which is now in operation. The Cross Generating Station's Class 3 landfill continues in operation.

EPA plans to issue multiple CCR rulemakings in 2020 and 2021. Several of these rulemakings were proposed in 2019 and the associated final rules are anticipated in 2020. The first rulemaking proposed in 2019 included pending revisions to the CCR website, beneficial use storage and groundwater monitoring and reporting requirements. The second rulemaking proposed in 2019 would establish August 31, 2020 as the date for all unlined impoundments to cease receipt of waste to the pond and initiate closure, as opposed to the current deadline of October 31, 2020. All of the Authority's CCR impoundments are unlined. It would impose new requirements for facilities to qualify for extensions to a date later than August 31, 2020, which would include submission of work plans to the EPA. This proposal also would revise the alternative closure provisions by expressly including non-CCR waste streams within the scope of these provisions. Other rulemakings which are expected to be proposed in 2020 include a Federal CCR Permit Program with procedures for CCR units to obtain permits in non-participating states, which includes South Carolina, and the regulation of legacy impoundments, which are inactive impoundments at closed facilities such as the Jefferies A Ash Pond.

The Authority has ash and gypsum slurry ponds at the Grainger, Winyah, Cross and Jefferies Generating Stations. Closure plans for the Grainger and Jefferies Generating Station ash ponds and for the Winyah West Ash Pond have been approved by DHEC and closure is in progress, with regulatory deadlines of 2023, 2031 and 2030, respectively. These ponds are currently not subject to the CCR Rule. However, as noted above, CCR rulemakings anticipated in 2020 would regulate inactive impoundments at closed facilities which could result in the Jefferies A ash pond and possibly the Grainger ash ponds being subject to the CCR Rule. The Cross Bottom Ash Pond and the remaining ponds at the Winyah Generating Station (A Ash Pond, B Ash Pond, South Ash Pond and Unit 3 & 4 Slurry Pond) are subject to the CCR Rule's closure requirements and are subject to DHEC closure regulations. Plans are being developed and implemented to facilitate closure of the remaining ponds by the CCR Rule's regulatory deadlines. The ponds will be closed through excavation and beneficial use of materials or through disposal in the on-site industrial Class 3 solid waste landfills. Closure by removal is the selected alternative for remediation of the groundwater so that it meets the groundwater protection standard. Two additional ponds (Winyah Slurry Pond 2 and the Cross Gypsum Pond) are also subject to the CCR Rule and have already completed closure in accordance with DHEC's requirements.

Pollution Remediation Obligations – The Authority follows GASB 49 which addresses standards for pollution (including contamination) remediation obligations for activities such as site assessments and cleanups. GASB 49 does not include standards for pollution remediation obligations that are addressed elsewhere. Examples of obligations addressed in other standards include pollution prevention and control obligations for remediation activities required upon the retirement of an asset, such as ash pond closure and post-closure care and nuclear power plant decommissioning.

No pollution remediation liabilities were recorded for the years ended December 31, 2019 and 2018.

FERC Hydroelectric License - The Authority operates its Jefferies Hydro Station and certain other property, including the Pinopolis Dam on the Cooper River and the Santee Dam on the Santee River, which are major parts of the Authority's integrated hydroelectric complex, under a license issued by the FERC pursuant to the Federal Power Act ("FPA"). The project is currently undergoing relicensing and a Notice of Intent ("NOI") to relicense was filed with the FERC on November 13, 2000. The final license application was filed March 15, 2004. Due to a number of Additional Information Requests, the relicensing process has extended beyond the March 31, 2006 license expiration date. The FERC has issued a standing annual license renewal until a final license is issued. The FERC issued its Final Environmental Impact Statement ("EIS") in October 2007. The South Carolina Department of Natural Resources, the U.S. Fish and Wildlife Service, and the Authority jointly signed and filed a settlement agreement with the FERC in May 2007 that, among other things, identifies fish passage and outflow guidelines during the term of the next license. The National Marine Fisheries Service ("NMFS") chose not to join in the settlement agreement and has submitted mandatory fishway conditions under §18 of the FPA and flow recommendations under §10 of that Act that are inconsistent with the settlement agreement. In November 2007, FERC requested that NMFS undertake an Endangered Species Act ("ESA") Section 7 consultation with regard to the relicensing project. In July of 2019, as a function of the required Section 7 consultation, NMFS submitted a final biological opinion and prescription for first passage containing recommendations for the endangered short nose sturgeon and Atlantic sturgeon. On December 17, 2019 FERC issued an Additional Information Request stating the lapse of time since the issuance of the EIS rendered the official list of federal threatened and endangered species outdated for the purposes of consultation under the ESA. The Authority intends to respond this request by April 15, 2020.

The Authority cannot predict the final scope, timing or general outcome of the FERC relicensing process. Total implementation costs are estimated to be between $84 million and $179 million.

Homeland Security - The Department of Homeland Security ("DHS") was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Chemical Facility Anti-Terrorism Standards ("CFATS") program identifies and regulates high-risk chemicals facilities to ensure they have security measures in place to reduce the risk associated with these chemicals. The Authority has been proactive in striving to comply with these evolving regulations by conducting valid threat and risk assessments to the facilities regulated by the CFATS program, also referred to as 6 CFR, Part 27. Once completed, the assessments become sensitive, federally controlled documents and are stored in accordance with all federal and state guidelines attendant to critical infrastructure information protection.

Legislative Matters - On May 22, 2019, the Governor signed Act No. 95 ("Act 95") of 2019 (H.4287), a joint resolution that was passed by the South Carolina General Assembly.

Act 95 directed the State's Department of Administration (the "DOA") to conduct a competitive bid process in order to allow the State's General Assembly to consider options to sell, manage or reform the Authority. In order to prepare its report, the DOA hired expert consultants to assist it with its responsibility to conduct a competitive bid process under Act 95. These experts included its lead financial advisor Moelis & Company, its legal advisor Gibson, Dunn and Crutcher, LLP, and energy advisor Energy + Environmental Economics (E3). Under Act 95, the DOA and its experts were required to provide its report to the South Carolina General Assembly on January 15, 2020, however, the DOA exercised a one-time sixty-day extension provided for in Act 95.

On February 11, 2020, the DOA issued its report and presented an evaluation of a Santee Cooper reform proposal (the "Reform Plan") and selected a management proposal from Dominion Energy, Inc. and a sale proposal from NextEra Energy, Inc.

Under Act 95, within 30 days of the receipt of DOA's report the respective House and Senate committees of jurisdiction made a recommendation to their respective legislative bodies, which was to reject all of DOA's recommendations. After the committee vote in the Senate, the Finance committee and the Judiciary committee each held hearings related to reforming Santee Cooper. The House Ways and Means committee has proposed legislation that would both reform Santee Cooper and continue further negotiations with NextEra outside of the scope of Act 95. Debate and discussions related to reforming Santee Cooper and further discussions about Santee Cooper's future are expected throughout the remainder of the legislative session.

The 2020 regular session of the South Carolina General Assembly runs from Tuesday, January 14, 2020, until Thursday, May 14, 2020, and may be extended by resolution.

Governor McMaster has recommended two appointments to the Santee Cooper board that are pending in the 2020 legislative session. On March 27, 2019, the SC Senate received Governor McMaster's nomination of Phyllis Beighley to serve as a board member from the 2nd congressional district, and, on March 20, 2019, the SC Senate received Governor McMaster's nomination of Stephen Mudge, a current at large board member, to serve as a board member from the 3rd congressional district.

Legal Matters - Except as noted below, there are no actions, suits, or governmental proceedings pending or, to the knowledge of the Authority, threatened before any court, administrative agency, arbitrator or governmental body which would, if determined adversely to the Authority, have a material adverse effect on its financial condition.

Santee Cooper v. U.S. Army Corps of Engineers. The Authority filed a claim against the U.S. Army Corps of Engineers ("COE") seeking a determination that the COE Rediversion Contract does not require Santee Cooper to credit the COE for a capacity value surcharge and the COE owes Santee Cooper approximately $1,400,000.00 in contract payments for 2015. The COE denied the claim, asserted the Authority was required to pay the credit, in the amount of $716,874. The Authority appealed the decision to the Armed Services Board of Contract Appeals ("ASBCA") and the COE counterclaimed. The parties asked the ASBCA to determine the rights under the contract. If the ASBCA determines that no credit is required, the Authority will prevail at the Board level. If the ASBCA determines a credit is required, the parties will be required to attempt to determine the amount of the credit due to the COE for the remainder of the contract. If the parties do not reach an agreement, the court will make a determination of the amount. The parties briefed the issues in the summer of 2018 but no decision has been made. Settlement discussions have been unsuccessful. Santee Cooper cannot predict the outcome of this matter.

Hearn et al. v. South Carolina Public Service Authority. On August 16, 2017, Plaintiff George Hearn, on behalf of a putative class of retail customers, filed a class action complaint in the Court of Common Pleas, Horry County (Business Court, Case No. 2017-CP-26-05256) alleging the Authority was negligent in deciding to build the Pee Dee Plant, a planned coal generating facility in Florence County, and negligent in deciding to cancel construction. The complaint further alleges the Authority was negligent in accounting for the Pee Dee assets.

The specific causes of action are: breach of duty to ratepayers, breach of contract, unjust enrichment, injunction and declaration of wrongful conduct, and money had and received. Legal defenses include the business judgment rule, burden on plaintiff to show bad faith (ultra vires action, etc.), statute of limitations/laches (based on each rate increase). Plaintiff claims damages of approximately $600 million.

The Authority filed a motion to dismiss in response to Plaintiff's complaint and a hearing was held on September 27, 2018; an order denying the same was entered on April 4, 2019. The Authority filed an answer on April 19, 2019 denying the allegations and asserting the defenses listed above. Discovery and depositions are ongoing. Santee Cooper cannot predict the outcome of this matter.

V. C. Summer Units 2 & 3 Cases. The following cases have been filed in various courts by different entities and the causes of actions or claims are related to the Authority's decisions to construct and cancel construction of two nuclear generation units in Fairfield County, SC. On March 12, 2020, the Authority's Board approved a term sheet and settlement agreements reached in *Cook* that would, if approved by the Court, resolve several of the following cases as noted below. On March 17, 2020 a Hearing on Preliminary Approval Motion will be held at the Richland County Courthouse. The Hearing for Final Approval of Settlement Motion is scheduled for July 20, 2020. As of December 31, 2019 the Authority has recorded an estimate of the financial impact of this settlement (See Note 16 – Special Item and Note 17 – Subsequent Events for further disclosure related to this settlement).

- ***Jessica S. Cook et al. v. South Carolina Public Service Authority et al.***

Plaintiffs originally filed this putative class action in the Hampton County Court of Common Pleas on August 22, 2017, against the Authority in connection with the Authority's decision to suspend construction of Summer Nuclear Units 2 and 3 (Case No. 2017-CP-25-348). Numerous amended complaints, responsive pleadings and cross-claims have been filed in the action since its inception, up to and including the Fifth Amended Complaint described herein. Plaintiffs also asserted claims against Palmetto Electric Cooperative, Inc., Central, SCANA, SCE&G, and SCANA Services, and certain members of the Authority's Board of Directors, identified in the Fifth Amended Complaint.

On February 16, 2018, the Plaintiffs filed a motion for class certification. On November 5, 2019 the Court entered its order granting certification of a class that includes all customers of the Authority and of electric cooperatives who paid utility bills that included "pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with Summer Nuclear Units 2 and 3 from January 1, 2007, to July 25, 2019."

The Plaintiffs filed the Fifth Amended Complaint on July 25, 2019. The Fifth Amended Complaint asserts nine claims against the Authority: (1) declaratory judgment that rates were not statutorily authorized; (2) breach of contract or breach of implied contract (direct customers); (3) unconstitutional taking; (4) violation of due process (direct customers); (5) negligence and/or gross negligence; (6) breach of contract or breach of implied contract (cooperative customers); (7) unjust enrichment/money had and received; (8) constructive trust (over the payment received under the Toshiba Settlement Agreement, any profits, performance bonuses, retirement packages, and other benefits, any sale profits, and previously-paid rates); and (9) equity. All of Plaintiffs' claims seek repayment of the amounts paid by ratepayers attributable to Summer Nuclear Units 2 and 3 under statutory, contract, tort, and equitable theories. The Fifth Amended Complaint also includes allegations that the Authority agreed to sell a 5% interest in Summer Nuclear Units 2 and 3 to SCE&G, declaring this portion of ownership unnecessary for the Authority's purposes, and thereafter improperly continued to fund costs for that portion of the project. Plaintiffs also assert claims against the Board for breach of their statutory and fiduciary duties, unjust enrichment, constructive trust, and equity.

On August 16, 2019, the Authority and its directors filed their answer to the Fifth Amended Complaint and the Authority asserted cross-claims against Central and Palmetto Electric Cooperative, Inc. ("Palmetto"), one of the Central Cooperatives, seeking a declaratory judgment regarding the rights of the parties under the Act. The Authority also filed a Third Party Complaint against the Electric Cooperatives of South Carolina ("ECSC"), the statewide service and trade association for electric cooperatives in the State, and asserted cross-claims against Central and Palmetto seeking a declaratory judgment regarding the rights of the Authority and Central under the Central Agreement, which is the contract governing Central's purchase of energy and power from the Authority. The Authority also asserted cross-claims against SCE&G for (1) breach of contract accompanied by fraudulent act; (2) gross negligence; (3) breach of fiduciary duties; (4) breach of contract accompanied by bad faith; (5) waste; (6) contractual indemnification; and (7) equitable indemnification.

On August 9, 2019, Central filed its answer to plaintiffs' Fifth Amended Complaint and asserted the following cross-claims against the Authority and its directors: (1) declaratory judgment that the Authority breached its statutory duties; (2) breach of the Central Agreement by the Authority; (3) constructive trust (over the payment received from Citibank under the Assignment and Purchase Agreement); (4) breach of statutory duties by the Authority's directors; and (5) contractual indemnification pursuant to the Central Agreement. The Authority and its directors filed their answer to Central's cross-claims on September 3, 2019.

If Central were to successfully obtain a judgment that the Authority is not entitled to recover costs of Summer Nuclear Units 2 and 3 from Central under the calculation methodology set forth in the Central Agreement, such result would materially adversely affect the Authority's revenues. In addition, Central has claimed that the Authority must refund amounts that Central has already paid to the Authority for costs of Summer Nuclear Units 2 and 3, as well as a portion of the proceeds the Authority received under the Toshiba Settlement Agreement. Such a monetary judgment in favor of Central could adversely affect the Authority's liquidity. Such a revenue shortfall and adverse effect on the Authority's liquidity would result in a failure by the Authority to pay debt service on its Revenue Obligations and the occurrence of an event of default under the Revenue Obligation Resolution.

In addition to seeking a declaration that the Authority would not have the right to include the Authority's costs of Summer Nuclear Units 2 and 3 in the rates charged to Central in the future, Central also seeks compensation for past sums it has paid to the Authority for such costs. Such past costs have been estimated to be in excess of $430 million through 2018. Central also alleges a constructive trust should be imposed on what it refers to as the "Citibank Payment," contending that this Citibank Payment amounts to $831.2 million, and requests an order directing the Authority to pay 70% of this amount to Central.

Also, on August 9, 2019, Palmetto filed its answer to Plaintiffs' Fifth Amended Complaint and asserted seven cross-claims against SCANA, SCE&G, the Authority, and the Authority's directors. Three of the cross-claims are asserted against all defendants: (1) negligence; (2) unjust enrichment; and (3) equity. Three of the cross-claims are asserted solely against the Authority: (1) taking; (2) declaratory judgment that the Authority breached its statutory duties for charging rates for facilities that are not used and useful and establishing rates that were not just and reasonable; and (3) constructive trust with respect to the sum of $831.2 million allegedly paid to the Authority by Citibank. Finally, Palmetto asserted one cross-claim against the Authority's directors for a declaratory judgment that they breached their statutory duties for charging rates that are not just and reasonable. The Authority's and directors' answer to Palmetto's cross-claims was filed on September 27, 2019.

On September 11, 2019, the State's Supreme Court issued an order reassigning to a new judge jurisdiction over all outstanding and future litigation of customer-related claims for reimbursements or refunds of monies paid in the form of increased utility rates related to the construction and abandonment of the Summer Units 2 and 3.

On October 8, 2019, the judge convened a hearing and scheduling conference, tentatively set the trial to begin on February 24, 2020 and heard several pending motions. The judge granted Plaintiffs' motion for class certification and granted the Authority's and SCE&G's motion to change venue from Hampton County, stating her intention to transfer the case to one of three counties in the upper part of the state, Anderson, Greenville or Spartanburg. The judge stayed SCE&G's motion to compel arbitration the Authority's cross-claims against SCE&G and granted the Authority's motion to sever from the trial of the case and to stay Central's claims against the Authority.

The Court convened mediation proceedings on October 14, 2019. The parties participated in mediation for two days, which was adjourned without resolution of the pending claims. On October 30, 2019, the judge entered a directive to the parties (the "Directive"), determining that mediation was not successful due to an impasse, and that plaintiff's counsel shall prepare an order for the judge's signature that the case shall be certified as a class action. The judge's Directive further required that the Authority's counsel shall prepare an order for the judge's signature that (a) the case shall be transferred to the court in Greenville County for a three week trial beginning February 24, 2020; (b) the Central Electric and Palmetto Electric Co-op claims against the Authority, and the Authority's claims against Central Electric and Palmetto Electric Co-op, are severed and stayed pending trial of the Cook case; and (c) staying until after trial the Court's ruling on SCANA's motion to compel arbitration of the Authority's claims against SCANA.

On November 5, 2019, the Court entered orders granting the motions to transfer venue to Greenville County (Court of Common Pleas, Greenville, Case No. 2019-CP-23-06675), and severing and staying the cross-claims by and among Santee Cooper, Central, and Palmetto, as well as Santee Cooper's third-party claims against ECSC.

On November 12, 2019, hearings were held on (a) the Authority's Motion for Specific Performance and/or Injunctive Relief against Dominion Energy South Carolina; (b) SCE&G's Motion to Compel Arbitration of the Authority's Defenses and Contentions; and (c) several Parties' discovery motions. On November 21, 2019, the Court entered an order enjoining SCE&G from pursuing claims for contribution against Santee Cooper and directing SCE&G to withdraw a demand for arbitration of such claims. The Court retained jurisdiction to enter a permanent injunction and specific performance. The Court also entered an order denying the motion to compel arbitration as moot, finding the motion to be premature.

On November 11, 2019, the Authority filed a complaint against Dominion Energy South Carolina in the Court of Common Pleas for Richland County (Case No. 2019-CP-40-6303) seeking injunctive relief and specific performance. The complaint tracks the motion for injunctive relief and specific performance described above (related to the AAA demand made by Dominion). On November 21, 2019, an order was entered granting the Authority's motion for preliminary injunction and staying the case. On December 9, 2019, the Authority filed a Motion to Lift Stay in this matter because Dominion Energy South Carolina filed the Motion to Compel Arbitration in the United States District Court.

On November 21, 2019 SCE&G, SCANA Services, Inc., & SCANA Corp. submitted notices of removal to the U.S. District Court for the District of South Carolina, Greenville Division (Case No. 6:19-cv-03285-TLW). On November 27, 2019, SCANA Corporation, SCANA Services Inc, South Carolina Electric & Gas Company filed a Motion to Compel Arbitration and to Reconsider the State Court's Arbitration Orders. Plaintiffs and Santee Cooper filed motions to remand the matter to state court. Case was remanded to state court on January 21, 2020.

The parties reconvened mediation with Chief Justice Toal on February 18, 2020. On February 20, 2020, the parties agreed to a term sheet to fully resolve the claims, as well as *Glibowski* (discussed below). Specifically, a global resolution was reached with Plaintiffs and cross-claimants ("Customer Agreement") and a separate agreement was entered between the Authority and Dominion. Formal settlement agreements are being considered for approval by the respective parties' boards, the motion to preliminarily approve the Customer Agreement is being considered by the Court on March 17, 2020, and a hearing on the motion for final approval of the Customer Agreement is scheduled for July 20, 2020.

See Note 16 – Special Item and Note 17 – Subsequent Events for further disclosure related to this case.

- ***Timothy Glibowski et al. v. SCANA, SCE&G, Santee Cooper, Kevin Marsh, Jimmy Addison, Stephen Byrne, Martin Phalen, Mark Cannon, Russell Harris, Ronald Lindsay, James Micali, and Lonnie Carter***

Plaintiffs filed this putative class action in the Beaufort Division of the United States District Court for the District of South Carolina on January 31, 2018 (Case No. 9:18-cv-273-TLW). The Plaintiffs filed an amended complaint on April 23, 2018 adding the Authority as a defendant. The Plaintiffs' claims arise from the Authority's decision to suspend construction of Summer Nuclear Units 2 and 3. The action is being brought on behalf of a putative class of persons comprised of SCANA customers, Authority customers and Central Cooperative customers who were charged and paid advance charges for costs associated with the construction of the units from 2007 to the present.

Amended complaints have been filed in this action since its inception, up to and including a Third Amended Complaint filed on July 30, 2019. The Third Amended Complaint asserts Racketeer Influenced and Corrupt Organizations Act (RICO) and RICO Conspiracy claims against SCANA, SCE&G, SCANA's officers, the Authority and the following employees of the Authority: Lonnie Carter (now retired), Marion Cherry, and Michael Crosby, as well as a takings claim against the Authority. Plaintiffs seek actual damages, treble damages under RICO, and attorneys' fees. Specifically, (i) under the RICO and RICO conspiracy claims, the plaintiffs allege that the class lost over $2.5 billion and seek damages in an amount to be determined at trial, but no less than this amount, and (ii) under the takings claim, the plaintiffs allege that the Authority has taken over $540 million from the class and seek the return of this amount. The Authority and its employees filed a motion to dismiss the complaint on August 20, 2019. As of the date hereof, no ruling has been made to date in respect to the Authority's motion to dismiss.

On September 4, 2018, the Authority filed a motion asking the court to certify two questions to the S.C. Supreme Court: (1) whether the Authority is required by law to fix, maintain, and collect charges at rates sufficient to provide for payment of all its expenses, the conservation, maintenance and operation of its facilities, the payment of principal and interest on its debt, and the fulfillment of its obligations to holders of bonds and other debt – including the costs, expenses, and obligations associated with Summer Nuclear Units 2 and 3; and (2) whether the Authority is immune from plaintiffs' claims for money damages under the doctrine of sovereign immunity and the State's Tort Claims Act. No ruling has been made to date in respect to the Authority's motion requesting certification.

The parties reconvened mediation for *Cook* with Chief Justice Toal on February 18, 2020. On February 20, 2020, the parties agreed to a term sheets to fully resolve the claims brought in *Cook* and *Glibowski*, as discussed above.

See Note 16 – Special Item and Note 17 – Subsequent Events for further disclosure related to this case.

- ***Dominion Energy South Carolina, Inc. f/k/a South Carolina Electric & Gas Co. v. South Carolina Public Service Authority***

On October 20, 2011, the Authority and SCE&G (now Dominion) entered into a Design and Construction Agreement (the "DCA"), which set forth the terms and conditions of the parties' joint undertaking to construct Summer Nuclear Units 2 and 3, including contributing a proportionate share of the costs of Summer Nuclear Units 2 and 3 based on their respective ownership interests. Such costs included the cost of claims brought by third parties with respect to services provided by SCE&G in its role as agent for Summer Nuclear Units 2 and 3 under the DCA. SCE&G is currently a named defendant in several lawsuits with respect to Summer Nuclear Units 2 and 3, including the *Cook*, *Glibowski* and DOR matters described above which also name the Authority as a defendant. Dominion asserts that, under the cost-sharing provisions of the DCA, the Authority may be liable for costs associated with such lawsuits against SCE&G, even if it is not a named defendant therein.

On November 11, 2019, Dominion filed a Demand for Arbitration before the American Arbitration Association, seeking in excess of $1,000,000,000 for a portion of "costs incurred for third-party claims relating to" the suspended nuclear project, alleged to be approximately $2,240,000,000 as of the date of the filing. Dominion alleges that under the DCA, the Authority is responsible for 45% of all costs SCE&G has incurred, is incurring, and will incur in connection with third-party claims related to the nuclear project, including nine (9) separate actions, including the *Lightsey* class action settlement in which Dominion agreed to provide more than $2 billion in rate relief, cash payments in excess of $115 million, and the proceeds of the sale of certain property to the settlement class.

On November 12, 2019, the Court in the *Cook* case issued a ruling from the bench enjoining Dominion from proceeding with the arbitration demand. On November 20, 2019, Dominion notified AAA that it was withdrawing its demand for arbitration, and on November 21, 2019, AAA notified the parties that the arbitration matter was being closed as withdrawn.

The agreement entered by the Authority and Dominion, in connection with *Cook* releases all claims between the Authority and Dominion Energy related to V. C. Summer 2 and 3, including this arbitration demand.

See Note 16 – Special Item and Note 17 – Subsequent Events for further disclosure related to this case and the *Cook* settlement.

- ***Fluor Enterprises, Inc. and Fluor Daniel Maintenance Services, Inc. v. South Carolina Electric & Gas Company and South Carolina Public Service Authority***

On September 7, 2018, Plaintiffs Fluor Enterprises, Inc. and Fluor Daniel Maintenance Services, Inc. filed a complaint in the Court of Common Pleas, Fairfield County, South Carolina, against South Carolina Electric & Gas Company and South Carolina Public Service Authority seeking indemnification for several Worker Adjustment and Retraining Notification Act (WARN Act) lawsuits filed against Plaintiffs in United States District Court, related to Plaintiffs' termination of their employees working on V. C. Summer Units 2 & 3 (Case No. 2018-CP-20-00343).

Plaintiffs allege they were subcontracted by Westinghouse to assist in construction and maintenance of VCS. Under the amended subcontract with Westinghouse, severance and WARN Act costs were to be reimbursed by Westinghouse. Plaintiffs notified Defendants of their intent to suspend work under its amended subcontract with Westinghouse based upon Westinghouse's failure to pay as promised. Fluor alleges Defendants agreed to make payments directly to Fluor for work performed during an assessment period and allege Defendants urged Fluor to keep working through June 26, 2017, which was later extended to August 10, 2017. Plaintiffs allege they were notified construction was ceasing on July 31, 2017. As a result, Plaintiffs were unable to give their employees the requisite notice of termination as required by the WARN Act and are named in three lawsuits alleging the same. Plaintiffs claim they should be indemnified by Defendants for any damages awarded in those three lawsuits. Plaintiffs pleaded the following causes of action: equitable indemnity, breach of contract, and promissory estoppel. Plaintiffs assert they relied on assurances by Defendants to continue staffing and working on the project.

On October 31, 2018, the Authority filed a motion to dismiss or stay the case based upon Plaintiffs failure to state a cause of action, and the lawsuit is premature as the underlying WARN Act lawsuits are pending. The Court denied the motion on February 20, 2019. The Authority filed an answer on March 11, 2019, denying Plaintiffs' allegations, denying it had a special relationship with Plaintiffs, and denying it agreed to indemnify Plaintiffs. The Authority also claimed the case is not ripe for review because the underlying WARN Act lawsuits have not been adjudicated.

On September 10, 2019, a consent order staying the case until March 1, 2020 was submitted to the court. The judge did not enter the order but indicated he believed the case had been transferred to the Hon. Jean H. Toal. No other actions have been taken. The underlying WARN Act lawsuits against Fluor are pending in the United States District Court for the District of South Carolina, Rock Hill Division.

As part of the agreement reached between the Authority and Dominion in *Cook*, Dominion agreed to indemnify the Authority for any liability assessed or attributed to the Authority.

Sales Tax – On January 26, 2018, the South Carolina Department of Revenue (the "DOR") notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 & 3 project was assigned for a sales and use tax audit. During a meeting on February 8, 2018, the DOR clarified its position: because Summer Nuclear Units 2 & 3 are abandoned and the manufacturing facility was not complete and will not produce electricity, the materials for Summer Nuclear Units 2 & 3 were no longer tax-exempt such that sales taxes were due on those previously tax-exempt purchases. On May 31, 2018, the DOR notified SCE&G that, since all information requested of SCE&G was not provided, a Proposed Notice of Assessment was generated. The full assessment, based on information obtained by the DOR, was for $421 million. On October 1, 2018, Santee Cooper's outside counsel submitted a Protest to Notice of Proposed Assessment. On May 14, 2019, the DOR issued a Department Determination and ruling the DOR had properly assessed SCE&G's sales tax liability. On June 12, 2019, SCE&G filed a Request for a Contested Case Hearing with the South Carolina Administrative Law Court. While Santee Cooper was not a party to the DOR determination or the case currently pending before the Administrative Law Court, SCE&G asserted Santee Cooper is responsible for 45%, its proportionate ownership share of Summer Nuclear Units 2 & 3, of any amount SCE&G is determined to owe. The Administrative Law Court has not held any hearing on the merits. Santee Cooper continues to dispute this position.

As part of the agreement between the Authority and Dominion in *Cook*, Dominion agreed to indemnify the Authority for any liability assessed or attributed to the Authority in this matter. See Note 16 – Special Item and Note 17 – Subsequent Events for further disclosure related to this case and the *Cook* settlement.

The Authority cannot predict the outcome of the remaining lawsuits below, which, if determined adversely to the Authority, may possibly have a material adverse effect on the Authority's financial condition.

- ***Murray C. Turka et al. v. South Carolina Public Service Authority and Lonnie Carter***

Plaintiff filed this putative class action in the Charleston Division of the United States District Court for the District of South Carolina on April 15, 2019 (Case No. 2:19-cv-1102-RMG). The action asserts securities law claims against the Authority and Mr. Carter under Section 10(b) and Rule 10b-5 of the Exchange Act and against Mr. Carter under Section 20(a) of the Exchange Act the arising out of alleged misrepresentations made in the Authority's mini-bond offering documents regarding the status of Summer Nuclear Units 2 and 3. Specifically, the plaintiff alleges that the disclosure statements in the mini-bond offerings understated the extent of the risks associated with construction of Summer Nuclear Units 2 and 3 and that as a result the interest rate on the mini-bonds was artificially deflated. Plaintiff further alleges that if he had known the interest rate on the mini-bonds had been artificially deflated, he would not have purchased the mini-bonds. The proposed class includes purchasers of the Authority's mini-bonds from August 23, 2013 to July 31, 2017.

The Authority and Carter moved to dismiss the Complaint on July 12, 2019. On February 25, 2020, Judge Gergel issued an order denying the motion to dismiss. On March 12, 2020, the Authority and Lonnie Carter filed a Motion for Reconsideration of the order denying the motion to dismiss.

- ***Westinghouse Electric Company, LLC, as reorganized v. South Carolina Public Service Authority***

On April 5, 2019, Westinghouse Electric Company, LLC filed an adversary complaint in the United States Bankruptcy Court for the Southern District of New York against Santee Cooper, alleging a cause of action for recovery of chattel (Case No. 17-10751 (MEW), Adv. Proc. No. 19-01109 (CGM)). WEC claims it is the owner of certain equipment related to the construction of V. C. Summer Units 2 & 3.

The pleadings stage of this action is complete. After its motion to dismiss was denied, Santee Cooper answered and asserted counterclaims for declaratory judgment and to quiet title to the equipment. In reply, WEC asserted a counterclaim for declaratory judgment based upon the Owners' recent termination of the Equipment Procurement & Construction Contract. Discovery is proceeding under an expedited scheduling order. A mediation was held on December 13, 2019 and concluded with agreement for Santee Cooper counsel to draft and attempt to address concerns about direct costs. Drafting of a final agreement continued following that mediation. Subsequently, another mediation was held at the Wampee Convention Center on January 29, 2020 which led to a handshake agreement to resolve the matter. The parties continue to work to finalize a formal agreement effectuating the terms of that agreement.

Summer Nuclear Units 2 and 3 Governmental Inquiries. Various executive-branch entities have requested information related to Summer Nuclear Units 2 and 3. Specifically, the Authority has received subpoenas for information from the U.S. Securities & Exchange Commission and the U.S. Department of Justice. The Authority has also received information requests and directives to provide information from the Governor of South Carolina. The Authority also received legislative inquiries from the South Carolina House of Representatives and the South Carolina Senate. The Authority continues to comply and cooperate with these subpoenas, information requests and directives and legislative inquiries.

Note 11 – Retirement Plans

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement System ("SCRS") and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Description - Substantially all Authority regular employees must participate in one of the components of the SCRS, a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws.

Benefit Provided - Vested employees ("Class Two Members") who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. Vested employees ("Class Three Members") who retire at age 65 or meet the "rule of 90 requirements" (i.e., the total of the member's age and the member's creditable service equals at least 90 years), are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service for Class Two Members and eight years for Class Three Members. Reduced retirement benefits are payable as early as age 60 with vested service or 55 with 25 years of service for Class Two Members. The SCRS also provides death and disability benefits. Benefits are established by State statute.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits and employee/employer contributions.

Effective July 1, 2002, new employees have a choice of the type of retirement plan in which to enroll. The State Optional Retirement Plan ("State ORP") which is a defined contribution plan is an alternative to the SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (9.00 percent employee cost and 15.41 percent employer cost); however, under the State ORP, 5.00 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 10.41 percent is contributed to the SCRS. As of December 31, 2019, the Authority had 72 employees participating in the State ORP and consequently the related payments are not material.

Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 (the "Act") increased employer retirement contribution rates by 2 percent to 13.56 percent for SCRS. The employer contribution rate for the State ORP was increased to 13.56 percent, with 5 percent of the employer contribution being remitted directly to the participant's State ORP investment provider. The employer rate will continue to increase annually by 1 percent through July 1, 2022, with the ultimate employer rate reaching 18.56 percent. Employee rates for SCRS and the State ORP increased to and are capped at 9 percent. Employer and employee contribution rates may be decreased in equal amounts once the system is 85 percent funded. The employee contribution rate may not be less than ½ of the normal cost for the system. The Act also reduced the funding period for unfunded liabilities from 30 to 20 years over the next 10 years as well as lowered the current assumed annual rate of return from 7.5 percent to 7.25 percent. The assumed annual rate of return will expire July 1, 2021 and every four years thereafter. PEBA must propose an annual rate of return every four years, which will become effective if the General Assembly fails to enact a rate of return.

Contributions - All employees are required by State statute to contribute to the SCRS at the prevailing rate, currently 9.00 percent. The Authority contributed 15.41 percent of the total payroll for SCRS retirement. For 2019, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior four years were as follows:

Years Ended December 31,	**2019**	2018	2017	2016
		(Millions)		
From the Authority	**$ 20.60**	$ 19.80	$ 17.70	$ 15.60
From employees	**12.40**	12.80	12.60	11.80
Authority's covered payroll	**138.2**	142.3	142.7	140.1
Authority's contributions as a percentage of covered payroll	**14.9%**	13.9%	12.4%	11.1%

The Authority made 100 percent of the required contributions for each of the four years.

Liabilities, Expense and Deferred Outflows (Inflows) of Resources Related to Pensions - At December 31, 2019, the Authority reported a liability of $326.2 million. This includes its share of the net pension liability from SCRS as well as pension liabilities associated with the supplemental executive retirement plans ("SERP") noted under post-employment benefits, which were immaterial. The SCRS net pension liability was measured as of June 30, 2019 and determined by an actuarial valuation as of July 1, 2018. The Authority's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $19.3 million paid to SCRS for the year ended June 30, 2019 relative to the actual contributions of $1.4 billion from all participating employers. The schedule of the Authority's proportionate share of the net pension liability for the years ended June 30, 2019 and 2018 are as follows:

	June 30, 2019	June 30, 2018
Authority's proportion of the net pension liability (%)	**1.35%**	1.43%
Authority's proportion of the net pension liability (millions)	**$ 309.7**	$ 321.8
Authority's covered employee payroll (millions)	**$ 138.2**	$ 142.3
Authority's proportion of the net pension liability as a percentage of its covered employee payroll	**224%**	226%
Plan fiduciary net position as a percentage of the total pension liability	**54.40%**	54.10%

For the year ended December 31, 2019, the Authority recognized a pension expense of $30.8 million, our proportionate share of the total pension expense. At December 31, 2019, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	**$ 253**	**$ 2,225**
Changes of assumptions	**6,281**	**0**
Net difference between projected and actual earnings on pension plan investments	**9,727**	**6,977**
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	**200**	**13,637**
Authority's contributions subsequent to the measurement date	**9,314**	**0**
Total	**$ 25,775**	**$ 22,839**

The Authority reported $9.3 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2019. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2018, was 4.026 years for SCRS.

Year Ending December 31:	
	(Thousands)
2020	**$ 3,539**
2021	**(6,884)**
2022	**(3,981)**
2023	**948**
Total	**$ (6,378)**

For the year ended December 31, 2018, the Authority recognized a pension expense of $30.6 million, our proportionate share of the total pension expense. At December 31, 2018, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
		(Thousands)
Differences between expected and actual experience	$ 637	$ 1,882
Changes of assumptions	12,816	0
Net difference between projected and actual earnings on pension plan investments	15,957	10,837
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	513	1,638
Authority's contributions subsequent to the measurement date	8,733	0
Total	$ 38,656	$ 14,357

The Authority reported $8.7 million as deferred outflows of resources related to contributions subsequent to the measurement date which was recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2018. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2017, was 4.080 years for SCRS.

Year Ending December 31:	
	(Thousands)
2019	$ 12,192
2020	7,481
2021	(3,591)
2022	(516)
Total	$ 15,566

Actuarial Assumptions - Actuarial valuations of the Authority involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2019:

- **Measurement Date**	**June 30, 2019**
- **Valuation Date**	**July 1, 2017**
- **Expected Return on Investments**	**7.25%**
- **Inflation**	**2.25%**
- **Future Salary Increases**	**3.00% to 12.50% (varies by service)**
- **Mortality Assumption**	**2016 Mortality Table set back projected at SCALE AA from year 2016 Males multiplied by 100%. Females multiplied by 111%.**

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2018:

- Measurement Date	June 30, 2018
- Valuation Date	July 1, 2017
- Expected Return on Investments	7.25%
- Inflation	2.25%
- Future Salary Increases	3.00% to 12.50% (varies by service)
- Mortality Assumption	2016 Mortality Table set back projected at SCALE AA from year 2016 Males multiplied by 100%. Females multiplied by 111%.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return - For the measurement date as of June 30, 2019, the long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (as prescribed by South Carolina Code Section 9-16-335) used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity			
Global Public Equity	35.00%	7.29%	2.55%
Private Equity	9.00%	7.67%	0.69%
Equity Options Strategies	7.00%	5.23%	0.37%
Real Assets			
Real Estate (Private)	8.00%	5.59%	0.45%
Real Estate (REITs)	1.00%	8.16%	0.08%
Infrastructure (Private)	2.00%	5.03%	0.10%
Infrastructure (Public)	1.00%	6.12%	0.06%
Opportunistic			
GTAA/Risk Parity	7.00%	3.09%	0.22%
Other Opportunistic Strategies	1.00%	3.82%	0.04%
Diversified Credit			
High Yield Bonds/ Bank Loans	4.00%	3.14%	0.13%
Emerging Markets Debt	4.00%	3.31%	0.13%
Private Debt	7.00%	5.49%	0.38%
Conservative Fixed Income			
Core Fixed Income	13.00%	1.62%	0.21%
Cash and Short Duration (Net)	1.00%	0.31%	0.00%
Total Expected Real Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

For the measurement date as of June 30, 2018, the long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (as prescribed by South Carolina Code Section 9-16-335) used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	**Target Asset Allocation**	**Expected Arithmetic Real Rate of Return**	**Long-Term Expected Portfolio Real Rate of Return**
Global Equity			
Global Public Equity	33.00%	6.99%	2.31%
Private Equity	9.00%	8.73%	0.79%
Equity Options Strategies	5.00%	5.52%	0.28%
Real Assets			
Real Estate (Private)	6.00%	3.54%	0.21%
Real Estate (REITs)	2.00%	5.46%	0.11%
Infrastructure	2.00%	5.09%	0.10%
Opportunistic			
GTAA/Risk Parity	8.00%	3.75%	0.30%
Hedge Funds (non-PA)	2.00%	3.45%	0.07%
Other Opportunistic Strategies	3.00%	3.75%	0.11%
Diversified Credit			
Mixed Credit	6.00%	3.05%	0.18%
Emerging Markets Debt	5.00%	3.94%	0.20%
Private Debt	7.00%	3.89%	0.27%
Conservative Fixed Income			
Core Fixed Income	10.00%	0.94%	0.09%
Cash and Short Duration (Net)	2.00%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Sensitivity Analysis - For the measurement date as of June 30, 2019, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.25% as well as SERP discount rates of 3.50% for both the pre-2007 and non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	**Current Discount Rate**	**1.00% Increase**
		(Thousands)	
Authority's proportionate share of the net pension liability	**$ 407,873**	**$ 326,229**	**$ 257,995**

For the measurement date as of June 30, 2018, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.25% as well as SERP discounts rates of 3.00% for both the pre-2007 and 3.50% for the non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Authority's proportionate share of the net pension liability	$ 428,674	$ 338,128	$ 273,097

Other Retirement Benefits - The Authority also provides retirement benefits to certain employees designated by management and the Board under SERP. Benefits are established and may be amended by management and the Authority's Board and include retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, these plans were segregated into internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2007 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. Effective February 23, 2018, entry into the plan is closed and no employee shall become a participant on or after this date. At December 31, 2019, the Authority reported an asset of $3.4 million and a liability of $16.5 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	**$ 949**	**$ 1,366**
Changes of assumptions	**273**	**57**
Net difference between projected and actual earnings on pension plan investments	**515**	**634**
Authority's contributions subsequent to the measurement date	**114**	**0**
Total	**$ 1,851**	**$ 2,057**

The Authority reported $114,000 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2019.

Year Ending November 30:	
	(Thousands)
2020	**$ (18)**
2021	**25**
2022	**(196)**
2023	**(129)**
2024	**0**
Total	**$ (318)**

At December 31, 2018, the Authority reported an asset of $2.6 million and a liability of $16.3 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 1,910	$ 1,650
Changes of assumptions	315	274
Net difference between projected and actual earnings on pension plan investments	882	458
Authority's contributions subsequent to the measurement date	96	0
Total	$ 3,203	$ 2,382

The Authority reported $96,000 as deferred outflows of resources related to contributions subsequent to the measurement date which was recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2018.

Year Ending November 30:	(Thousands)
2019	$ 556
2020	(10)
2021	199
2022	(21)
2023	0
Total	$ 724

Summer Nuclear Unit 1 Retirement - The Authority and SCE&G are parties to a joint ownership agreement for Summer Nuclear Unit 1 at the Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel. Any earnings generated from the established pension plan are shared proportionately and used to reduce the allocated funding.

As of December 31, 2019 and 2018, the Authority had a noncurrent pension liability of $8.6 million and $5.7 million, respectively.

In accordance with FASB ASC 715, the Authority has a regulatory liability balance of approximately $10.6 million and $19.3 million for the unfunded portion of pension benefits at December 31, 2019 and 2018, respectively. Additional information may be obtained by reference to the Dominion Energy Inc. Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2019.

Note 12 – Other Postemployment Benefits (OPEB)

Vacation / Sick Leave - Full-time employees earn 10 days of vacation leave for service under five years and 15 days of vacation leave for service under 11 years. Employees earn an additional day of vacation leave for each year of service over 10 until they reach the maximum of 25 days per year. Employees earn two hours per pay period, plus 20 additional hours at year-end for sick leave.

Employees may accumulate up to 45 days of vacation leave and 180 days of sick leave. Upon termination, the Authority pays employees for unused vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their sick leave at the pay rate then in effect.

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA Insurance Benefits provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement insurance benefits available are defined by PEBA Insurance Benefits and substantially all of the Authority's employees may become eligible for these benefits if they meet retirement eligibility with a minimum of 10 years of earned service or upon reaching age 60 after leaving employment with at least 20 years of service. Currently, approximately 1,100 retirees meet these requirements.

For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. PEBA Insurance Benefits may be contacted at: PO Box 11661, Columbia, S.C. 29211-1661 and PEBA Retirement Benefits may be contacted at PO Box 11660, Columbia, S.C. 29211-1960.

As of the measurement date, June 30, 2019, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,107
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	1,623
Total Plan Members	**2,730**

Funding Policy - Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority elected to adopt an advanced or pre-funding policy and established an irrevocable trust with Synovus Trust Company. In 2018 with the implementation of GASB 75, the Authority established a formal funding plan and elected to fund the OPEB obligation over a 30-year closed period. This method of funding will result in a lower OPEB liability and establishes a method for writing off the regulatory asset as funding occurs.

Net OPEB Liability - The components of the net OPEB liability at June 30, 2019 were as follows:

		(Thousands)
Total OPEB Liability	$	270,563
Plan fiduciary net position		83,849
Authority's net OPEB liability	$	186,714
Plan fiduciary net position as a percentage of the total OPEB liability		30.99%

Actuarial Methods and Assumptions - The total OPEB liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Methods and Assumptions

Actuarial Cost Method	Individual Entry-Age
Amortization Method	Level dollar
Amortization Period	Closed period; 28 years remaining as of the beginning of FYE19
Asset Valuation	Market Value
Investment Rate of Return	4.50%, net of investment expenses, including inflation
Inflation	2.25%
Salary Increases	3.00% to 7.00%, including inflation
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2015 as conducted for the South Carolina Retirement Systems (SCRS)
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members.
Participation Rates	Rates of 90% for fully funded retirees, 60% for partially funded retirees, and 20% for retirees not eligible for any explicit subsidy
Healthcare Cost Trend Rates	Initial rate of 6.75% declining to an ultimate rate of 4.15% after 14 years; Ultimate trend rate includes a 0.15% adjustment for the excise tax

Investments - The investments of the Authority must follow the general guidelines set by the Enabling Legislation. The Authority is required to invest without limitation its revenues in obligations the interest and principal of which are guaranteed or are fully secured by contracts with the United States of America; in obligations of any agency, instrumentality or corporation which has been or may hereafter be created by or pursuant to an act of Congress; direct and general Obligations of the State of South Carolina; and certificates of deposit issued by any bank, trust company or national banking association which do business in South Carolina.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	7.2%	0.1%
Fixed Income	92.8%	2.6%
Total Blended Average	**100.0%**	**2.5%**

Asset Allocation at June 30, 2019

The rate of return for 2018 on the Trust was 7.25%.

Discount rate. A Single Discount Rate of 3.50% was used to measure the total OPEB liability. The expected rate of return on OPEB plan investments is 3.5%. The municipal bond rate is 3.13% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 3.50%

Schedule of Changes in Net OPEB Liability
Fiscal Year Ended December 31, 2019

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
		(Thousands)	
Beginning balance	$ 232,702	$ 59,928	$ 172,774
Service cost	4,641		4,641
Interest on the total OPEB liability	10,375		10,375
Changes of benefit terms	0		0
Difference between expected and actual experience	(12,859)		(12,859)
Changes of assumptions	44,641		44,641
Employer contributions		27,483	(27,483)
Net investment income		5,501	(5,501)
Benefit payments	(8,937)	(8,937)	0
Administrative expense		(126)	126
Other		0	0
Net changes	37,861	23,921	13,940
Ending balance	$ 270,563	$ 83,849	$ 186,714

Ending balances are as of the measurement date, June 30, 2019.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the Authority calculated using the Authority's discount rate of 4.50% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 231,834	$ 186,714	$ 150,386

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the Authority calculated using the Authority's healthcare cost trend rate of 7.00% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate.

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 142,592	$ 186,714	$ 243,694

OPEB Expense and Deferred Outflows (Inflows) of Resources Related to OPEB - For the year ended December 31, 2019, the Authority recognized OPEB expense of $16.6 million. At December 31, 2019, the Authority reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	(Thousands)			
Differences between expected and actual experience	$	0	$	11,222
Changes of assumptions		38,239		0
Net difference between projected and actual earnings on OPEB plan investments		0		315
Authority's contributions subsequent to the measurement date		10,145		0
Total	$	48,384	$	11,537

The Authority reported $10 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows (inflows) of resources will be recognized in OPEB expense in future years.

The following schedule reflects the amortization of the Authority's balance of remaining deferred outflows (inflows) of resources at December 31, 2019.

Year Ending December 31:		
	(Thousands)	
2020	$	4,571
2021		4,571
2022		4,571
2023		4,038
2024		4,518
Thereafter,		4,433
Total	$	26,702

Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Year Ended December 31, 2019

Measurement period ending June 30	2019		2018	
	(Thousands)			
Service Cost	$	4,641	$	5,405
Interest on the total OPEB liability		10,375		10,073
Difference between expected and actual experience		(12,859)		(291)
Changes of Assumptions		44,641		0
Benefit payments		(8,937)		(7,253)
Net change in total OPEB liability		37,861		7,934
Total OPEB liability - beginning		232,702		224,768
Total OPEB liability - ending (a)	$	270,563	$	232,702
Plan fiduciary net position				
Employer contributions	$	27,483	$	14,455
OPEB plan net investment income		5,501		(120)
Benefit payments		(8,937)		(7,253)
OPEB plan administrative expense		(126)		(104)
Net change in plan fiduciary net position		23,920		6,978
Plan fiduciary net position - beginning		59,928		52,950
Plan fiduciary net position - ending (b)	$	83,849	$	59,928
Net OPEB liability - ending (a) - (b)	$	186,714	$	172,774
Plan fiduciary net position as a percentage of total OPEB liability		30.99 %		25.75 %
Covered-employee payroll	$	149,862,640	$	156,059,022
Net OPEB liability as a percentage of covered-employee payroll		124.59 %		110.71 %

Schedule of Contributions
(Thousands)

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
2019	**$ 15,515**	**$ 17,262**	**$ (1,747)**	**$ 154,791**	**11.15%**
2018	$ 15,364	$ 14,455	$ 909	$ 156,059	9.26%

Summer Nuclear OPEB - The Authority is responsible for funding its share of OPEB costs for nuclear station employees. The Authority's liability balances as of December 31, 2019 and 2018 were both approximately $11.8 million and $11.7 million, respectively.

In accordance with FASB ASC 715, the Authority recorded a regulatory liability of approximately $2.8 million and $1.0 million for the unfunded portion of OPEB costs at December 31, 2019 and 2018, respectively. Additional information may be obtained by reference to the Dominion Energy, Inc. Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2019.

Note 13 – Credit Risk and Major Customers

In 2019, the Authority had one customer that accounted for more than 10 percent of the Authority's sales:

Customer:	2019	2018
	(Millions)	
Central	**$ 994**	$ 1,034

The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance at each year ended December 31, 2019 and 2018 was $2.3 million and $2.1 million, respectively.

Note 14 – Storm Damage

2019
In September 2019, the Authority's system sustained damages from Hurricane Dorian. As a result, portions of South Carolina were declared federal disasters areas for damages, and the entire state was declared eligible for protective measures expense relief. During 2019, the Authority incurred $5.3 million in capital and maintenance costs. A receivable of $4.2 million was recorded as of December 31, 2019, in anticipation for federal reimbursement in 2020.

2018
In September 2018, the Authority's system sustained damages from Hurricane Florence. As a result, portions of South Carolina were declared federal disasters areas for damages, and the entire state was declared eligible for protective measures expense relief. During 2018, the Authority incurred $11.7 million in capital and maintenance costs. A receivable of $8.8 million was recorded as of December 31, 2018, in anticipation for federal reimbursement in 2019. No additional costs for the event are anticipated in 2019.

Federal Reimbursement for Hurricane Irma and Hurricane Florence are anticipated in 2020. The Authority does not expect to increase rates for these impacts of these events and foresees no measurable long-term impactor on its operation or the demand for electricity by its customers.

Note 15 – Restatement

Based on review of the regulatory asset and regulatory liability, it was determined that additional amortization should have occurred in 2018 to coincide with the paydown of debt. This was necessary to ensure the write-off of the regulatory accounts matched the debt service collected in rates. As a result, the Authority determined a restatement was required to record a net position change for the effects of changes in Regulatory assets – nuclear and Regulatory inflows – Toshiba settlement accounts. The Authority recorded a decrease to the Regulatory Assets - nuclear of $107.6 million and a decrease to the Regulatory Inflows - Toshiba settlement of $106.9 million in 2018. The net position as of December 31, 2018 and the Nonoperating Other-net for the year ended December 31, 2018 was changed by $641,000.

Note 16 – Special Item

In 2020, the Authority engaged in mediation for the *Cook* case (see Note 10 – Commitments and Contingencies, Legal Matters), under the direction of Justice Jean Toal, who acted as mediator by consent of all parties. On February 20, 2020, mediation with Justice Toal resulted in the parties entering a term sheet to resolve all claims in *Cook* and *Glibowski*; the Authority and Dominion entered a separate term sheet to resolve VCS 2&3-related claims between them. Formal settlement agreements have been drafted and are being considered for approval by the respective boards and the court will hear a motion to preliminarily approve the settlement on March 17, 2020. The estimated settlement amount, which is recorded as a Special Item on the 2019 Statement of Revenues, Expenses and Changes in Net Position-Business Type Activities, is approximately $200.0 million to be paid in three (3) annual installments beginning in 2020, payable in the third quarter of each year, in the amounts of $65 million, $65 million, and $70 million. The Authority will not recover the cost of the settlement in rates.

See Note 10 – Commitments and Contingencies, Legal Matters and Note 17 – Subsequent Events for further disclosure related to this matter.

Note 17 – Subsequent Events

Clean Water Act. On January 23, 2020, the Army Corps and EPA issued a pre-publication final rule revising the definition of Waters of the U.S. intending to provide additional clarity and address many of the concerns posed by the broad 2015 rule. The 2020 "Navigable Waters Protection Rule" clarifies the geographic scope of federal jurisdiction under the CWA and provides exclusions for Waste Treatment Systems, ephemeral features, ditches, groundwater, artificial lakes and ponds, stormwater control features, and wastewater recycling features. The new definition will become effective 60 days from publication in the Federal Register, likely in the first half of 2020.

Summer Nuclear Units 2 and 3. On February 6, 2020, the Santee Cooper Board of Directors adopted a resolution declaring the remaining nuclear equipment, construction commodities and plant components related to the suspended V.C. Summer Nuclear Project to be surplus and authorized the President and CEO of Santee Cooper or his designee to finalize and then execute a definitive settlement agreement with Westinghouse Electric Company, LLC as Reorganized (Westinghouse) for the sale of such property, and to conclude the litigation pending in the United States Bankruptcy Court for the Southern District of New York between Westinghouse and Santee Cooper.

Legislative Matters. See Note 10 – Commitments and Contingencies, Legislative Matters for matters occurring subsequent to December 31, 2019.

Legal Matters. The parties to the *Cook* case reached a settlement agreement in February of 2020. On March 6, 2020, a Motion for Preliminary Approval of Settlement was filed in the Greenville County Court of Common Pleas, along with the Settlement Agreement. The Authority's Board unanimously approved this settlement agreement on March 12, 2020.

The Settlement Agreement resolves the *Cook* litigation, including the cross-claims filed by Central and Palmetto Electric Cooperative as well as *Glibowski*, and a separate agreement was reached with Dominion Energy to resolve VCS 2&3-related claims between the Authority and Dominion, including Dominion's arbitration demand; Dominion also agreed to indemnify the Authority for any liability attributed or assessed to it in *Lightsey v. SCE&G et al.* (2017-CP-25-0335), *Arnett v. Fluor Ent.* (case no. 0:19-cv-00346-JMC), *Fluor Ent., Inc. v. SCE&G et al.* (case no. 2018-CP-20-00343), the SC Dept. of Revenue sales tax assessment, arbitration proceedings between SCE&G and Cameco Corp., and the fee in lieu of tax litigation brought by Fairfield County against SCE&G. *See also* Note 10 – Commitments and Contingencies, Legal Matters. The Settlement Agreement also requires the Authority to prepare and provide reports establishing the Authority's compliance with the terms of the agreement, prepared by an independent auditor, and to submit those reports to Central annually through 2030.

The Authority has committed to paying $200 million in annual installments of $65 million, $65 million and $70 million in the third quarters of 2020, 2021 and 2022 respectively to class members (including residential, commercial, industrial and other customers, both direct and indirect) who paid utility bills that included rates calculated in part to pay for pre-construction and construction of the V.C. Summer Units 2 and 3 Project. In addition, the Authority has agreed to implement a four-year rate freeze. Dominion Energy South Carolina has committed to paying $320 million to the class members.

The Hearing for Final Approval of Settlement is set for July 20, 2020. Prior to the court's final approval, the parties will attend a hearing for the court's preliminary approval of the motion, a settlement notice will be issued to the class, and class members will have an opportunity to object to the settlement.

See Note 10 – Commitments and Contingencies, Legal Matters for other items relating to these cases occurring subsequent to December 31, 2019. See Note 16 – Special Item for further disclosure related to this matter.

Westinghouse Electric Company, LLC, as reorganized v. South Carolina Public Service Authority. See Note 10 – Commitments and Contingencies, Legal Matters for legal matters relating to this case occurring subsequent to December 31, 2019.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA:

Santee Cooper's Proportionate Share of the Net Pension Liability
Required Supplementary Information
Last Five Fiscal Years

Years Ended in June 30,	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (%)	1.35%	1.43%	1.43%	1.45%	1.44%
Authority's proportion of the net pension liability (millions)	$ 309.7	$ 321.8	$ 323.1	$ 309.7	$ 273.6
Authority's covered payroll (millions)	$ 138.2	$ 142.3	$ 142.7	$ 140.1	$ 136.4
Authority's proportion of the net pension liability as a percentage of its covered payroll	224%	226%	226%	221%	201%
Plan fiduciary net position as a percentage of the total pension liability	54.4%	54.1%	53.3%	56.9%	59.9%

Santee Cooper's Contributions
Required Supplementary Information
Last Five Fiscal Years

Years Ended December 31,	2019	2018	2017	2016	2015
			(Millions)		
Required Contributions:					
From the Authority	$ 20.6	$ 19.8	$ 17.7	$ 15.6	$ 14.8
From employees	12.4	12.8	12.6	11.8	11.0
Contributions in relation to the required contributions:					
From the Authority	$ 20.6	$ 19.8	$ 17.7	$ 15.6	$ 14.8
From employees	12.4	12.8	12.6	11.8	11.0
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	138.2	142.3	142.7	140.1	136.4
Authority's contributions as a percentage of covered payroll	14.90%	13.90%	12.40%	11.10%	10.90%

Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Year Ended December 31, 2019

Measurement period ending June 30	**2019**	**2018**
	(Thousands)	
Service Cost	$ 4,641	$ 5,405
Interest on the total OPEB liability	10,375	10,073
Difference between expected and actual experience	(12,859)	(291)
Changes of Assumptions	44,641	0
Benefit payments	(8,937)	(7,253)
Net change in total OPEB liability	37,861	7,934
Total OPEB liability - beginning	232,702	224,768
Total OPEB liability - ending (a)	$ 270,563	$ 232,702
Plan fiduciary net position		
Employer contributions	$ 27,483	$ 14,455
OPEB plan net investment income	5,501	(120)
Benefit payments	(8,937)	(7,253)
OPEB plan administrative expense	(126)	(104)
Net change in plan fiduciary net position	23,920	6,978
Plan fiduciary net position - beginning	59,928	52,950
Plan fiduciary net position - ending (b)	$ 83,849	$ 59,928
Net OPEB liability - ending (a) - (b)	$ 186,714	$ 172,774
Plan fiduciary net position as a percentage of total OPEB liability	30.99 %	25.75 %
Covered-employee payroll	$ 149,862,640	$ 156,059,022
Net OPEB liability as a percentage of covered-employee payroll	124.59 %	110.71 %

Notes to Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following is the discount rate used in this period:

Fiscal Year Ending	Rate
2019	3.50%
2018	4.50%

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Board of Directors

Dan J. Ray
Acting Chairman
Georgetown County
Georgetown, S.C.

Director Ray is president of DR Capital Group, a Pawleys Island-based financial advisory and investment company.

David F. Singleton
2nd Vice Chairman
Horry County
Myrtle Beach, S.C.

Director Singleton is president of Singleton Properties, a real estate investment and sales firm.

Kristofer D. Clark
3rd Congressional District
Easley, S.C.

Director Clark is a broker with Easlan Capital and owner of Pristine Properties LLC.

William A. Finn
1st Congressional District
Mount Pleasant, S.C.

Director Finn is chairman of AstenJohnson Inc., a specialty textile company for the printing and papermaking industries based in Charleston.

Merrell W. Floyd
7th Congressional District
Conway, S.C.

Director Floyd is a retired staff coordinator for Horry Electric Cooperative.

J. Calhoun Land IV
6th Congressional District
Manning, S.C.

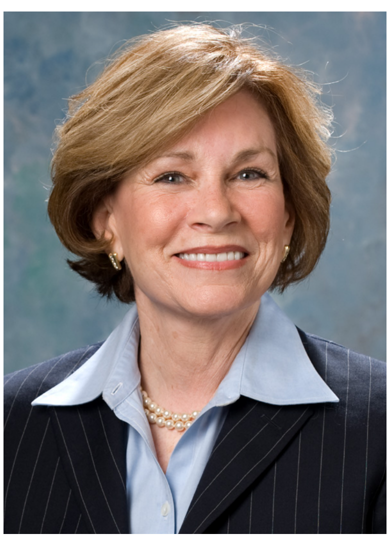
Director Land is a partner in Land, Parker & Welch, a general practice firm in Manning.

Charles H. "Herb" Leaird
5th Congressional District
Sumter, S.C.

Director Leaird is the former CEO of Black River Electric Cooperative and also served as CEO of Lynches River Electric Cooperative.

Stephen H. Mudge
At-Large
Clemson, S.C.

Director Mudge is the cofounder, president and CEO of Serrus Capital Partners Inc., a Greenville, S.C.-based real estate investment firm.



Peggy H. Pinnell
Berkeley County
Moncks Corner, S.C.

Director Pinnell is the owner of the Peggy H. Pinnell Insurance Agency in Moncks Corner, a State Farm agency.

Barry D. Wynn
4th Congressional District
Spartanburg, S.C.

Director Wynn is president of Colonial Trust Company, a private trust company specializing in investment management and estate services.

Notes:
As 1st Vice Chair, Director Dan J. Ray became Acting Chairman as of May 8, 2019, after Interim Chairman Charlie M. Condon stepped down as Board Chairman.

Advisory Board

Henry D. McMaster	Governor
Alan Wilson	Attorney General
Mark Hammond	Secretary of State
Richard Eckstrom	Comptroller General
Curtis M. Loftis Jr.	State Treasurer

Leadership*

Mark B. Bonsall	President and Chief Executive Officer
Charlie B. Duckworth	Deputy CEO and Chief of Planning and Innovation Officer
J. Michael Baxley Sr.	Chief Public Affairs Officer and General Counsel
Thomas B. Curtis	Chief Generation Officer
Kenneth W. Lott III	Chief Administration Officer and Corporate Secretary
J. Michael Poston	Chief Customer Officer
Pamela J. Williams	Chief Financial Officer

**Reflects leadership as of March 2020. On Jan. 30, 2020, President and CEO Mark B. Bonsall announced a comprehensive reorganization, effective March 7, 2020.*

Other Officers

B. Shawan Gillians	Treasurer
Dominick G. Maddalone	Chief Information Officer
Suzanne H. Ritter	Controller
Monique Washington	General Auditor

Notes:
Mark B. Bonsall was named President and CEO effective July 9, 2019, and former President and CEO James E. Brogdon Jr. served in an advisory capacity until Sept. 6, 2019.

Charlie B. Duckworth was named Deputy CEO effective July 9, 2019.

Kenneth W. Lott III was named Corporate Secretary on Oct. 31, 2019, after Elizabeth H. Warner announced her retirement effective Nov. 1, 2019.

Marc R. Tye announced his retirement effective Dec. 31, 2019.

Pamela J. Williams was named Chief Financial Officer effective March 25, 2019, after Jeffrey D. Armfield announced his retirement effective April 5, 2019.

Office Locations

MONCKS CORNER OFFICE

Santee Cooper Headquarters
1 Riverwood Drive
Moncks Corner, SC 29461
843-761-8000
843-761-4122 (fax)

MYRTLE BEACH OFFICE

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Myrtle Beach, SC 29577
843-448-2411
843-626-1923 (fax)