



SANTEE COOPER:

A METER READING GUIDE



WHAT ARE THE OBLIGATIONS?

DEBT

NUCLEAR + NON-NUCLEAR DEBT + INTEREST

\$14,000,000,000¹ total over 37 years

SALARIES & BONUSES

NEW CEO ANNUAL SALARY

\$1,100,000¹⁵ annually

New CEO Bonus

\$250,000⁸ annually

New CEO Relocation Package

\$40,000⁹ (one time)

New Deputy CEO

\$750,000¹⁰ annually

New Deputy CEO Bonus

\$165,000¹¹ annually

Former CEO Retirement Package

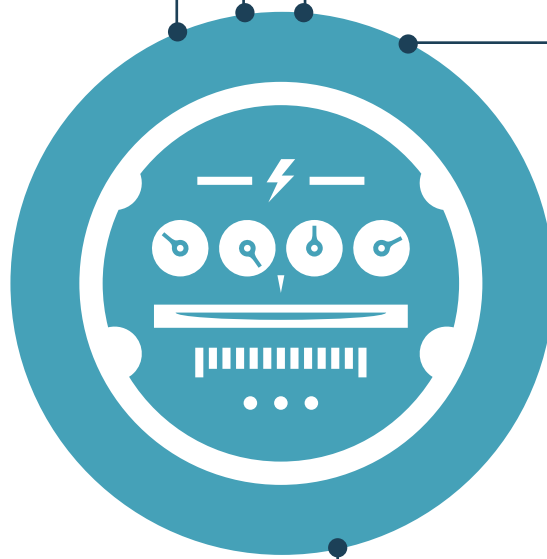
up to \$800,000¹² annually
(\$16 million over 20 years)

Bonuses to Executives

\$5,600,000¹³ (2009-2016)

Retention Bonuses to Executives

\$511,000¹⁴ (2019)



CLEAN UP

Preserve defunct V.C. Summer 2&3

\$19,000,000² annually

Preserve defunct Pee Dee Campus

\$3,500,000³ annually

LEGAL & OTHER FEES

Legal Fees for lawsuits & criminal defense

\$9,000,000⁴ (2018)

Legal Fees (accumulating)

?⁵ (2019-) (at \$475 per hour)

Fee for DOA investment banking expertise

\$15,000,000⁶ (2019-2020)

Fee for Wall Street investment advice

\$1,000,000⁷ (\$250k per month)

GRANTS AND PR

Grants and No Interest Loans for Outside Projects

\$121,000,000¹⁶ (2010-2018)

PR Firm to Defend Rate Increases & Opposition

\$20,000¹⁷ annually (or one time?)

WHO IS PAYING? LOW INCOME RATEPAYERS.

“CUSTOMER REVENUES FUND SANTEE COOPER OPERATIONS.”¹⁸

—Santee Cooper Spokesperson (July 2019)

AVERAGE PER CAPITA INCOME IN SERVICE AREA¹⁹

Horry County Per Capita Income	\$25,804 ²⁰
Berkeley County Per Capita Income	\$27,010 ²¹
Georgetown County Per Capita Income	\$28,748 ²²
Rural Electric Co-Op Customer Per Capita Income	12 counties served by SC co-ops are in “persistent poverty” ²³

NOTES

¹ **Principal & Interest Due.** Santee Cooper provides a debt service schedule on its [website](#). The schedule (dated December 31, 2018; accessed July 18, 2019) shows Total Principal on Outstanding Revenue Obligations (\$6,990,677), Total Interest on Outstanding Revenue Obligations (\$7,389,801) and Total Debt Service on Outstanding Revenue Obligations (\$14,380,473) to the year 2056 (37 years). The most recent (2018) [Annual Report](#) shows a slightly smaller figure, \$14,347,592. We round down to the nearest billion.

² **Preserving V.C. Summer 2 & 3.** In a February 2018 [letter](#) to Governor Henry McMaster, Santee Cooper estimated the cost for storage of parts from the V.C. Summer site to be in the \$3 million per year range, with maintenance and preservation of the site to be \$16 million (\$8 million every six months) per year. https://www.postandcourier.com/business/santee-cooper-will-pay-million-a-year-to-preserve-site/article_0f00de2c-175d-11e8-8189-7bc01a37f57b.html <https://assets.sourcemediacom.com/6d/39/d13892a2473ba7a7d9b4312dbd30/finn-letter-to-gov.%20McMaster%202018-02-21.pdf>

³ **Preserving Pee Dee Energy Campus.** The Pee Dee Energy Campus near Kingsburg in Florence County, was approved by the Santee Cooper board in May 2006. It was slated to cost between \$1.5 and \$2 billion. It was suspended in August 2009 and cancelled in April 2010. According to WMBF (2017), the utility had maintenance, security, and preservation costs of \$16.5 million per year. Those costs will decrease if the parts of the kit used to construct the plant are successfully sold. <https://www.wmbfnews.com/story/36179993/class-action-lawsuit-claims-santee-cooper-raised-rates-for-unused-pee-dee-power-plant/>

⁴ **2018 Legal Fees at \$9 million.** Santee Cooper legal fees grew by \$7 million to reach a total of \$9 million for 2018. https://www.postandcourier.com/business/santee-cooper-to-resume-paying--an-hour-lawyer-bills/article_3425ac04-50b0-11e9-8a4a-eb61bad75f97.html

⁵ **Old Legal Costs at \$475/hour.** The rate of \$475 per hour was reported when Santee Cooper Chairman Charlie Condon opposed paying old invoices billed at that rate.

⁶ **Future Legal Bills.** Legal fees for 2019 are expected to remain high due to a plethora of lawsuits. The most high-profile suits are those by Westinghouse and the Central Electric Power Cooperative.

Westinghouse, who as a part of Toshiba was the contractor for V.C. Summer 2&3, claims that Santee Cooper has been dragging its feet on selling material left over from the reactor site. Westinghouse claims a number of opportunities to sell parts and equipment have been missed because Santee Cooper doesn't acknowledge any ownership of the material by Westinghouse and therefore refused to share any of the proceeds with the Pennsylvania company. <https://www.thestate.com/news/politics-government/article228533024.html>

Central Co-Op is demanding in a separate, ongoing (2018-) suit that Santee Cooper not be allowed to charge their electric cooperatives for V.C. Summer 2&3 expenses and that the Co-ops deserve a portion of the \$831 million settlement Santee Cooper received from Toshiba, the contractor for the project. <https://columbiabusinessreport.com/news/energy/73934/>

Mini-Bond holders are also suing, claiming Santee Cooper misled them about the risks of the V.C. Summer project. They allege they should have been paid more because of the higher risk. https://www.postandcourier.com/business/lawsuit-santee-cooper-misled-investors-about-failed-sc-nuclear-project/article_2dc4cd10-612a-11e9-a41c-8f4e572cf265.html

Another bond-holder class-action lawsuit related to the **Pee Dee Energy Campus** claims that Santee Cooper has been charging "illegal rates" because the utility was charging customers for \$800 million in bonds even though the plant was mothballed. Conway attorney and former State Representative George Hearn said Santee Cooper didn't cut rates when the project was

cancelled.

https://www.myhorrynews.com/news/suit-says-santee-cooper-charging-for-plant-it-didn-t/article_8f14cb60-844a-11e7-8a3e-a32fd721c476.html

Ratepayers. In addition to bondholders, residential and small business ratepayers are in court alleging that the Santee Cooper board failed the ratepayers by voting to continue the project even after Westinghouse, the project contractor, filed for bankruptcy.

https://www.postandcourier.com/business/santee-cooper-customers-sue-to-recoup-money-they-paid-for/article_54ccec6a-89ce-11e7-ba53-6ff651ad0089.html

⁶ **Department of Administration Costs.** Senate Finance Chairman Hugh Leatherman [put Santee Cooper on notice](#) that it would have to be prepared to pay up to \$15 million for investment banking expertise that will be required for the state Department of Administration to assess offers to purchase, manage or restructure Santee Cooper.

https://www.postandcourier.com/opinion/editorials/editorial-sc-utility-company-santee-cooper-might-try-a-little/article_3d77a534-a748-11e9-9ba6-03c1ca1f467f.html

⁷ **Wall Street Investment Advice.** Santee Cooper hired Centerview Partners, a Wall Street investment bank to assist with negotiations with SCANA and perhaps to vet potential sale offers. Santee Cooper testified to a Senate committee that it had been paying Centerview for four months at \$250,000 per month. https://www.postandcourier.com/business/santee-cooper-hired-consultant-at-a-month-to-see-settlement/article_894ec8d2-32c5-11e8-b17f-83261b203363.html

⁸ **New CEO Bonus.** According to the [Post & Courier](#), the new CEO will have a chance to earn an extra \$250,000 in performance bonuses. https://www.postandcourier.com/business/santee-cooper-hires-new-ceo-and-deputy-to-reform-state/article_c1855574-a248-11e9-8cb3-f7332db032d7.html

⁹ **New CEO Relocation Package.** According to the [Post & Courier](#), the new CEO will receive up to \$40,000 to relocate to South Carolina (most likely from Arizona). https://www.postandcourier.com/business/santee-cooper-hires-new-ceo-and-deputy-to-reform-state/article_c1855574-a248-11e9-8cb3-f7332db032d7.html

¹⁰ **New Deputy CEO Salary.** According to the [Post & Courier](#), the new Deputy CEO, Charlie Duckworth, will earn a salary of \$560,000. https://www.postandcourier.com/business/santee-cooper-hires-new-ceo-and-deputy-to-reform-state/article_c1855574-a248-11e9-8cb3-f7332db032d7.html

¹¹ **New Deputy CEO Bonus.** According to the [Post & Courier](#), the new Deputy CEO will have a chance to earn an extra \$165,000 in performance bonuses. https://www.postandcourier.com/business/santee-cooper-hires-new-ceo-and-deputy-to-reform-state/article_c1855574-a248-11e9-8cb3-f7332db032d7.html

¹² **Former CEO Golden Parachute.** *The Nerve* reports that former CEO Lonnie Carter would receive \$344,572 for the rest of his life from the state retirement system along with \$455,192 for 20 years from a Santee Cooper retirement plan. Total: up to \$799,764. <https://thenerve.org/santee-cooper-execs-get-big-bonuses-pay-hikes-while-nuclear-debt-mushrooms/>

¹³ **Performance Bonuses for Executives.** Rick Bundrett reports in [The Lancaster News](#) that from 2009 to 2016, during the time that V.C. Summer was spinning out of control, Santee Cooper, a state agency, paid [\\$5.6 million in bonuses to 15 executives](#). No bonuses were paid for 2017. <https://www.thelancasternews.com/content/guest-column-santee-cooper-has-always-been-generous-rate-payer-money> <https://thenerve.org/santee-cooper-execs-get-big-bonuses-pay-hikes-while-nuclear-debt-mushrooms/>

¹⁴ **Stay Bonuses.** During a hearing before a Select Senate Committee in March 2019, Santee Cooper reported that it would be paying 7 of its executives \$511,000 in bonuses in coming months. Senator Shane Massey called the bonuses "tone deaf." The [Post & Courier](#) reported the figure at \$594,000. <https://www.thestate.com/news/politics-government/article228424789.html>

https://www.postandcourier.com/news/tone-deaf-sc-run-utility-gave-in-executive-bonuses-with/article_5eb483a8-5008-11e9-8d6e-3393ead83505.html

¹⁵ **New CEO Salary.** According to the [Post & Courier](#), the new CEO, Mark Bonsall, will earn \$1.1 million per year. Former CEO Lonnie Carter "earned an annual salary of \$540,929 before he retired two years ago." https://www.postandcourier.com/business/santee-cooper-hires-new-ceo-and-deputy-to-reform-state/article_c1855574-a248-11e9-8cb3-f7332db032d7.html

¹⁶ **Economic Development Deals.** Rick Bundrett reports in a guest column in [The Lancaster News](#) that Santee Cooper spent \$121 million from August, 2010 to April, 2018. This included a \$3 million grant for land in Berkeley County, a \$15 million loan and \$5 million grant for a port in Dillon, and \$2.25 million for property in Newberry County. <https://www.thelancasternews.com/content/guest-column-santee-cooper-has-always-been-generous-rate-payer-money>

¹⁷ **Public Relations Firm to Fight Accurate Data.** In the spring of 2019, Santee Cooper hired Greenville-based communications and political consultant Hollis "Chip" Felkel for a fee of \$20,000 to push back against "rampant misinformation" about the utility. <https://www.thestate.com/news/politics-government/article229364389.html>

¹⁸ **Source of Funds for Wasteful Spending.** Rick Bundrett reports that in response [to an emailed question](#) about whether residential customers would have to pay for these expenses, Santee Cooper spokesperson Mollie Gore responded with this quote. <https://www.thelancasternews.com/content/guest-column-santee-cooper-has-always-been-generous-rate-payer-money>

¹⁹ **Service Area.** The customers who are directly served by Santee Cooper are primarily in Georgetown, Horry and Berkeley Counties in South Carolina.

²⁰ **Horry County Per Capita Income.** According to the US Census Bureau's Quick Facts, the Per Capita Income in the Last 12 Months in 2017 dollars of Horry County, SC is \$25,804. 16.1% of Horry County citizens live in poverty. <https://www.census.gov/quickfacts/fact/table/horry-countysouthcarolina/BZA010216>

²¹ **Berkeley County Per Capita Income.** According to the US Census Bureau's Quick Facts, the Per Capita Income in the Last 12 Months in 2017 dollars of Berkeley County, SC is \$27,010. 11.7% of Berkeley County citizens live in poverty. <https://www.census.gov/quickfacts/fact/table/berkeleycountysouthcarolina/INC110217>

²² **Georgetown County Per Capita Income.** According to the US Census Bureau's Quick Facts, the Per Capita Income in the Last 12 Months in 2017 dollars of Georgetown County, SC is \$28,748. 17.1% of Georgetown County citizens live in poverty. <https://www.census.gov/quickfacts/fact/table/georgetowncountysouthcarolina/RH1825218>

²³ **Poverty of the Rural Electric Co-Op Customer.** According to the National Rural Electric Cooperatives Association (NRECA), using data from the U.S. Department of Agriculture (USDA), twelve (12) counties served ten (10) by South Carolina electric cooperatives are in "persistent poverty." All of those co-ops receive their electricity from Santee Cooper through Central Electric Co-op. <https://www.cooperative.com/content/public/maps/persistent-poverty/index.html> <https://www.ruralhealthinfo.org/states/south-carolina>

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