

Table 1. Santee Cooper Revenue & Operating Expenses Projection*(thousands)*

	2020	2021	2022	2023	2024
Revenue ¹	\$ 1,597,000	\$ 1,692,000	\$ 1,712,926	\$ 1,719,038	\$ 1,715,522
Operating Expenses ²	1,238,040	1,311,687	1,327,909	1,332,647	1,329,921
Operating Income	358,960	380,313	385,017	386,391	385,600
Principal payments	89,285	186,555	109,516	297,976	127,761
Interest Payments	323,216	319,612	310,750	305,789	296,317
Total Debt Service (principal due + interest)	412,501	506,167	420,266	603,765	424,078
Operating Income less Total Debt Service					
<i>Surplus (Shortage)</i>	<i>(53,541)</i>	<i>(125,854)</i>	<i>(35,249)</i>	<i>(217,374)</i>	<i>(38,478)</i>
	2025	2026	2027	2028	2029
Revenue ¹	\$ 1,715,522	\$ 1,715,522	\$ 1,732,677	\$ 1,750,003	\$ 1,870,893
Operating Expenses ²	1,329,921	1,329,921	1,343,220	1,356,653	1,450,370
Operating Income	385,600	385,600	389,456	393,351	420,523
Principal payments	125,486	125,486	125,486	125,486	125,486
Interest Payments	280,365	280,365	280,365	280,365	280,365
Total Debt Service (principal due + interest)	405,850	405,850	405,850	405,850	405,850
Operating Income less Total Debt Service					
<i>Surplus (Shortage)</i>	<i>(20,250)</i>	<i>(20,250)</i>	<i>(16,394)</i>	<i>(12,500)</i>	<i>14,673</i>
Total Shortfall through 2020-2029					(525,217)

¹ Revenue is projected using Santee Cooper's forecasts for revenue in 2020-2026 and 2029 listed in its Board Presentation June 2020. This includes Santee Cooper's projected 7-year stable rates (4 years of which are mandated in the Cook et al settlement). Using Santee Cooper's Reform Plan, we follow its assumptions that rates will increase by approximately 1% in 2027 and 2028. Additional data from Santee Cooper Annual Report 2019, p. 54.

² Operating Expenses are estimated using the Operating Income Margin of 0.2248 which is Santee Cooper's 4-year average from 2016-2019. Santee Cooper's June 30, 2020 operating margin was 0.225 (OI of \$172m and Revenue of \$765m) so this may be an optimistic estimate. Santee Cooper's Reform Plan promises to improve the operating margin (effectively cutting expenses) over the next several years. To the extent the entity is able to reduce expenses even more than it has over the last 4 years (and in excess of the \$200 million owed in the Jessica Cook et al. settlement), our underfunding estimate of \$525 million will be an upper bound.