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**Santee Electric
Cooperative News**
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A Touchstone Energy® Cooperative

Troubled by nuclear issues

THE REACTION HAS been strong and widespread following last month's decision to stop construction on two South Carolina nuclear units. Your board of trustees and I are troubled by the situation, too, so I wanted to provide our perspective on this still-developing issue.



SCE&G and Santee Cooper, owners of the V.C. Summer Nuclear Generating Station in Fairfield County, stopped construction on two new units on July 31. The project was over budget and behind schedule, and costs continued to grow. The main contractor, Westinghouse Electric Co., had filed for bankruptcy in March, and its parent company, Toshiba Corp., was also financially challenged. Completing the project for a previously agreed fixed price of \$13.9 billion was highly unlikely.

The power aggregator for your cooperative and the 19 others across the state, Central Electric Power Cooperative, did its own deep dive into the money and work site problems and concluded that the owners' decision to stop was the right choice. It just didn't make sense to continue in the existing framework of owners, costs and schedules. Nobody's happy about this situation. Billions of dollars seem wasted, and we have no new power generators to show for it.

Electric cooperatives are not owners of the nuclear plant. These independent, member-owned utilities serving in all 46 counties are, as a group, Santee Cooper's largest customer, and it is one of our

biggest suppliers. We have long-term contracts with our power suppliers, a common and necessary practice in the electricity business, so expenditures by Santee Cooper impact us.

We understand and share the concern expressed by regulators, legislators, the governor and consumers. When frustrated SCE&G customers say stockholders, not ratepayers, should pay for the project's failure, we know that our stockholders—our owners—are also our consumer-members. That's why your board of trustees and I are especially troubled by these events.

We will support any appropriate inquiry or investigation into how decisions were made and whether they were prudent. To the extent that we can have an impact on the next steps in this difficult situation, we will work aggressively for the best interests of our members.

A final note: The cost and schedule overruns and the project's failure have caused some people to wonder why the owners would have begun building nuclear generators in the first place. I want to recommend an article that provides an insightful explanation of how federal energy policy drives decisions in the electricity business. You can read it online at <http://bit.ly/2vjWMyx>.

Robert G. Ardis III
President and Chief Executive Officer

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