



# **Santee Cooper** Impact Evaluation & Analysis

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## Overview

NextEra Energy (NEE) engaged Boyette Strategic Advisors (Boyette) to assess the impact of employment and power generation changes resulting from a possible acquisition of Santee Cooper. This analysis is both a qualitative and a quantitative measure of impact, which considers the effects and impact this acquisition and its associated jobs and capital investment have on specific geographies.

The State of South Carolina is the primary analysis geography for this project. Additionally, the acquisition impact on existing Santee Cooper employment has been analyzed for Berkeley County and South Carolina, while the planned construction of new generation facilities and their associated employment have been considered for Anderson, Berkeley, Fairfield, Florence, and Horry Counties.

## Methodology

The economic impact is measured in direct effects, which gauges the change in final demand of directly impacted industries; indirect effects, which captures business-to-business spending; and induced effects, which represents increased household spending.

A Social Accounting Matrix model was used to measure spending of households, governments, and inventory and export transactions. The model estimated inter-industry spending from purchaser to producer to determine the economy-wide impact. The impact values include payroll generated; contribution to the gross regional product (GRP) of the regional geography; tax impact; and total output, which includes the initial investment. Data used in the model is 2017, and all funds are expressed in 2019 values and adjusted for inflation/deflation.

## Data Parameters

The anticipated job retention and creation data, along with anticipated investment in new construction and equipment, utilized for this analysis was provided by NEE and by the South Carolina Public Service Authority.

For modeling capital investment for new or renovated facilities, NEE provided the total investment. The 2016 U.S. Census Bureau Annual Capital Expenditures Survey was utilized to determine the percentage of total investment attributed to construction vs. equipment purchases. This survey provides information on expenditures for both new and renovated structures and equipment purchases by sector. The following percentages for the Electric Power Generation, Transmission, and Distribution Sector were applied to total capital investment figures for this study:

- New Construction: 53.8% Construction/46.2% Equipment
- Renovation/Upgrade Construction: 52.13% Construction/47.87% Equipment



Note that information about the specific types of equipment being purchased was not available, so all equipment was assumed to be related to power generation. Because most of this equipment is not available in the analysis geographies, there is limited impact from the investment in equipment at the five capital investment projects analyzed.

The construction of a natural gas generation facility is projected to occur over a three-year period. For purposes of this analysis, the construction was modeled in the first year of construction – 2023 – with the understanding that the total impact would be spread over the entire construction period.



## Summary of Impact

Determining the total impact of NextEra Energy’s potential acquisition of Santee Cooper requires making assumptions about the job creation, retention, and loss, as well as the capital investment in new assets, and the overall impact the acquisition would have on South Carolina’s business climate and competitiveness. Additionally, the impact of lost jobs resulting from the acquisition could vary dependent upon how quickly employees find new opportunities. For that reason, the job loss impact has been modeled as three scenarios – one assuming the full impact of all lost jobs; one based on an assumption that only 10 percent of eliminated employees would not find new employment or choose retirement; and, similarly, one that measures the impact if 25 percent of those employees do not find new employment or elect to transition to retirement.

Under the “worst case” scenario, the acquisition of Santee Cooper will have a total net impact of approximately \$74 billion in the State of South Carolina and will result in a \$30.7 billion impact on the state’s Gross Regional Product (GRP) over 30 years. These results include a tax impact of more than \$5.6 billion and labor income of more than \$13 billion. These calculations are based on the impact of anticipated job retention, job creation, job loss, long-term employment, and capital investment in new facilities, as well as long-term tax liability associated with those facilities.

SANTEE COOPER IMPACT OVERVIEW	
State of South Carolina	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Long-Term Taxes Associated with Capital Investment, Economic Development Projects Capital Investment and Job Creation)	<b>\$73,608,237,986</b>
Contribution to Regional Economy	\$30,732,446,818
Total Labor Income	\$13,387,651,079
Total State & Local Taxes	\$5,683,048,011

Alternatively, in the 10 percent scenario, the acquisition of Santee Cooper will have a total net impact of nearly \$78 billion over 30 years in the State of South Carolina and will result in a \$32.5 billion impact on the state’s GRP. These results include a tax impact of more than \$6 billion and labor income of more than \$14.2 billion. These calculations are based on the impact of anticipated job retention, job creation, job loss, long-term employment, and capital investment in new facilities, as well as long-term tax liability associated with those facilities.



<b>SANTÉE COOPER IMPACT OVERVIEW 10% SCENARIO</b>	
<b>State of South Carolina</b>	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Long-Term Taxes Associated with Capital Investment, Economic Development Projects Capital Investment and Job Creation)	<b>\$77,875,933,491</b>
Contribution to Regional Economy	\$32,524,980,391
Total Labor Income	\$14,275,230,658
Total State & Local Taxes	\$6,022,752,535

In the 25 percent job loss scenario, the State of South Carolina would experience a total net impact of approximately \$77.2 billion, with growth in GRP of approximately \$32.2 billion. The net tax impact will total nearly \$6 billion, with labor income of more than \$14.1 billion in this scenario. These calculations are based on the impact of anticipated job retention, job creation, job loss, and capital investment in new facilities over a 30-year period.

<b>SANTÉE COOPER IMPACT OVERVIEW 25% SCENARIO</b>	
<b>State of South Carolina</b>	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Long-Term Taxes Associated with Capital Investment, Economic Development Projects Capital Investment and Job Creation)	<b>\$77,164,651,648</b>
Contribution to Regional Economy	\$32,226,225,154
Total Labor Income	\$14,127,300,979
Total State & Local Taxes	\$5,966,135,166

Santee Cooper has significant employment in Berkeley County, which will be affected by the acquisition. A total net impact of more than \$47.3 billion is projected in Berkeley County, which includes a nearly \$18 billion net impact on the county's Gross Regional Product. Additionally, the local tax impact will total more than \$2.1 billion for 30 years, with labor income of over \$5.9 billion during the same period. These calculations are based on the impact of anticipated job retention, job creation at new facilities, job loss, long-term employment, and capital investment in new facilities.



SANTEE COOPER IMPACT OVERVIEW	
Berkeley County	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Economic Development Projects Capital Investment and Job Creation)	\$47,342,403,555
Contribution to Regional Economy	\$17,899,255,251
Total Labor Income	\$5,929,045,293
Total Local Taxes	\$2,145,968,738

The 10 percent scenario would result in total net impact of more than \$49.5 billion in Berkeley County, which includes an \$18.7 billion net impact on the county’s Gross Regional Product. Additionally, the local tax impact would exceed \$2.2 billion over 30 years, with labor income of nearly \$6.2 billion during the same period. These calculations are based on the impact of anticipated job retention, job creation at new facilities, job loss, and capital investment in new facilities.

SANTEE COOPER IMPACT OVERVIEW 10% SCENARIO	
Berkeley County	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Economic Development Projects Capital Investment and Job Creation)	\$49,499,935,578
Contribution to Regional Economy	\$18,713,503,126
Total Labor Income	\$6,193,624,120
Total State & Local Taxes	\$2,242,687,863

Under the 25% job loss scenario, total net impact of more than \$49 billion is projected in Berkeley County. In addition to an \$18.6 billion net impact on the county’s Gross Regional Product, the local tax impact will total approximately \$2.2 billion over 30 years. Labor income in this scenario is projected to be more than \$6 billion during the same period. These calculations are based on the impact of anticipated job retention, job creation, job loss, and capital investment in new facilities.

SANTEE COOPER IMPACT OVERVIEW 25% SCENARIO	
Berkeley County	
<b>Total Net Impact</b> (Includes Job Retention, NEE Job Creation, Job Loss, Long-term Employment, NEE Capital Investment, Economic Development Projects Capital Investment and Job Creation)	\$49,244,637,798
Contribution to Regional Economy	\$18,617,170,559
Total Labor Income	\$6,162,362,946
Total State & Local Taxes	\$2,231,311,322



## Post-Acquisition Santee Cooper Employment

With the potential acquisition expected to close in early 2021, the anticipated retained annual employment has been provided for 2021 through 2024. More than 1,300 jobs associated with Santee Cooper are expected to be retained in the first year following an acquisition by NEE, with 2024 employment totaling almost 1,000. The economic impact of those jobs has been modeled for the State of South Carolina, in addition to the impact in Berkeley County, which is where the majority of the jobs are located. The employment in 2021 through 2024 is projected to have a cumulative economic impact of more than \$8.6 billion at the state level, with an impact of nearly \$6 billion in Berkeley County. The impact to the Gross State Product is almost \$3.5 billion, including a payroll impact of more than \$1.3 billion.

### Job Retention Impact in South Carolina

In addition to the retained jobs, approximately 4,000 additional indirect and induced jobs will be supported or created annually. Following is a summary of the impact, broken down by direct, indirect and induced effects, first for the State of South Carolina.

Job Retention Impact				
State of South Carolina				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
<b>2021</b>				
Direct	1,312	\$126,180,813	\$437,172,523	\$1,356,987,704
Indirect	2,698	\$191,357,151	\$418,882,173	\$916,868,556
Induced	1,783	\$71,137,963	\$130,702,612	\$232,188,242
<b>TOTAL</b>	<b>5,793</b>	<b>\$388,675,927</b>	<b>\$986,757,308</b>	<b>\$2,506,044,502</b>
<b>2022</b>				
Direct	1,097	\$107,216,714	\$370,232,524	\$1,155,406,600
Indirect	2,329	\$164,888,940	\$359,834,608	\$786,367,203
Induced	1,527	\$60,958,191	\$111,999,441	\$198,962,240
<b>TOTAL</b>	<b>4,953</b>	<b>\$333,063,845</b>	<b>\$842,066,573</b>	<b>\$2,140,736,043</b>
<b>2023</b>				
Direct	1,003	\$100,288,938	\$345,856,872	\$1,079,838,789
Indirect	2,188	\$154,508,832	\$336,315,129	\$734,236,244
Induced	1,430	\$57,079,948	\$104,874,007	\$186,303,942
<b>TOTAL</b>	<b>4,621</b>	<b>\$311,877,718</b>	<b>\$787,046,008</b>	<b>\$2,000,378,975</b>
<b>2024</b>				
Direct	989	\$100,532,272	\$346,581,786	\$1,082,032,302
Indirect	2,198	\$155,010,672	\$337,035,531	\$735,485,524
Induced	1,434	\$57,246,514	\$105,180,095	\$186,847,578
<b>TOTAL</b>	<b>4,621</b>	<b>\$312,789,458</b>	<b>\$788,797,412</b>	<b>\$2,004,365,404</b>



State and local taxes associated with these retained jobs totals more than \$724 million over four years.

State & Local Tax Impact from Job Retention 2021-2024		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$450,524,167	\$273,974,085	\$724,498,252

Job Retention Impact in Berkeley County

The table below provides the same information related to the impact of retained jobs when considering only Berkeley County.

Job Retention Impact				
Berkeley County				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
<b>2021</b>				
Direct	839	\$80,710,048	\$298,295,758	\$974,612,997
Indirect	1,292	\$115,340,140	\$312,426,519	\$665,847,118
Induced	387	\$13,123,451	\$28,855,019	\$52,815,598
<b>TOTAL</b>	<b>2,518</b>	<b>\$209,173,639</b>	<b>\$639,577,296</b>	<b>\$1,693,275,713</b>
<b>2022</b>				
Direct	711	\$69,462,275	\$256,937,660	\$842,271,059
Indirect	1,126	\$100,945,796	\$274,184,814	\$584,459,752
Induced	337	\$11,405,768	\$25,078,248	\$45,902,742
<b>TOTAL</b>	<b>2,174</b>	<b>\$181,813,839</b>	<b>\$556,200,722</b>	<b>\$1,472,633,553</b>
<b>2023</b>				
Direct	663	\$66,244,318	\$244,958,749	\$802,009,164
Indirect	1,069	\$95,669,845	\$259,591,653	\$553,312,737
Induced	320	\$10,837,684	\$23,829,196	\$43,616,478
<b>TOTAL</b>	<b>2,052</b>	<b>\$172,751,847</b>	<b>\$528,379,598</b>	<b>\$1,398,938,379</b>
<b>2024</b>				
Direct	666	\$67,602,513	\$249,877,505	\$816,755,814
Indirect	1,084	\$96,812,541	\$262,331,000	\$559,096,772
Induced	325	\$11,005,671	\$24,198,573	\$44,292,548
<b>TOTAL</b>	<b>2,075</b>	<b>\$175,420,725</b>	<b>\$536,407,078</b>	<b>\$1,420,145,134</b>





Local taxes associated with these retained jobs in Berkeley County totals more than \$276 million from 2020-2023.

Local Tax Impact from Job Retention 2020-2023		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$196,544,757	\$79,428,531	\$276,973,288

### 30-Year Employment Impact

NEE projects that its employment in South Carolina will remain roughly constant at 2024 levels for a 30-year period following acquisition. In 2024, NEE expects its South Carolina total employment to be 970, which includes the retained jobs described above, as well as 48 additional jobs created by NEE to support new generation facilities across the state. (The impact of those new jobs is calculated below.) Following is a calculation of the impact of NEE employment in 2024. In that year, the total impact will exceed \$2.0 billion, with total direct, indirect, and induced employment of more than 4,600. This employment level results in a nearly \$789 million contribution to the state’s GRP.

Annual Employment Impact				
State of South Carolina				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	989	\$100,532,272	\$346,581,786	\$1,082,032,302
Indirect	2,198	\$155,010,672	\$337,035,531	\$735,485,524
Induced	1,434	\$57,246,514	\$105,180,095	\$186,847,578
<b>TOTAL</b>	<b>4,621</b>	<b>\$312,789,458</b>	<b>\$788,797,412</b>	<b>\$2,004,365,404</b>

State and local taxes associated with one year of employment are projected to total more than \$167 million.

Annual State & Local Tax Impact from Employment		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$103,805,925	\$63,411,197	\$167,217,122

Because NEE expects employment to remain roughly constant over a 30-year period, following is a projection of the impacts for that time. These calculations are based on the above one-year impact and are not precise because they do not account for inflation. However, the projections show that total impact of NEE’s 30-year employment would exceed \$60 billion, with a nearly \$24 billion contribution to South Carolina’s GRP. The labor income would be approximately \$9.4 billion over 30 years, based on annual total employment of 4,621. (Note that employment in the table below is for one



year; the indirect and induced jobs would remain constant based on the same direct employment in each year.)

30-Year Projected Employment Impact				
State of South Carolina				
	Annual Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	989	\$3,015,968,160	\$10,397,453,580	\$32,460,969,060
Indirect	2,198	\$4,650,320,160	\$10,111,065,930	\$22,064,565,720
Induced	1,434	\$1,717,395,420	\$3,155,402,850	\$5,605,427,340
<b>TOTAL</b>	<b>4,621</b>	<b>\$9,383,683,740</b>	<b>\$23,663,922,360</b>	<b>\$60,130,962,120</b>

State and local taxes generated from NEE employment over the 30-year period would be approximately \$5 billion.

30-Year Projected State & Local Tax Impact from Employment		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$3,114,177,735	\$1,902,335,907	\$5,016,513,642

NEE projects that its employment in Berkeley County will also remain roughly constant at 2024 levels for a 30-year period following acquisition. In 2024, NEE expects its Berkeley County total employment to be 666. Following is a calculation of the impact of NEE employment in Berkeley County in 2024. In that year, the total impact will be approximately \$1.4 billion, with total direct, indirect, and induced employment of more than 2,000. This employment level results in a \$536 million contribution to the region’s GRP.

Annual Employment Impact				
Berkeley County				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	666	\$67,602,513	\$249,877,505	\$816,755,814
Indirect	1,084	\$96,812,541	\$262,331,000	\$559,096,772
Induced	325	\$11,005,671	\$24,198,573	\$44,292,548
<b>TOTAL</b>	<b>2,075</b>	<b>\$175,420,725</b>	<b>\$536,407,078</b>	<b>\$1,420,145,134</b>



Local taxes in Berkeley County associated with one year of employment are projected to total in excess of \$49 million.

Annual Local Tax Impact from Employment		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$33,757,899	\$15,281,820	\$49,039,719

Because NEE expects employment to remain roughly constant over a 30-year period, following is a projection of the impacts for that time in Berkeley County. These calculations are based on the above one-year impact and are not precise because they do not account for inflation. However, the projections show that total impact of NEE’s 30-year employment in Berkeley County would be approximately \$42 billion, with a \$16 billion contribution to South Carolina’s GRP. The labor income would be approximately \$5.3 billion over 30 years, based on annual total employment of more than 2,000. (Note that employment in the table below is for one year; the indirect and induced jobs would remain constant based on the same direct employment in each year.)

30-Year Projected Employment Impact				
Berkeley County				
	Annual Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	666	\$2,028,075,390	\$7,496,325,150	\$24,502,674,420
Indirect	1,084	\$2,904,376,230	\$7,869,930,000	\$16,772,903,160
Induced	325	\$330,170,130	\$725,957,190	\$1,328,776,440
<b>TOTAL</b>	<b>2,075</b>	<b>\$5,262,621,750</b>	<b>\$16,092,212,340</b>	<b>\$42,604,354,020</b>

Berkeley County local taxes generated from NEE employment over the 30-year period would be almost \$2 billion.

30-Year Projected Local Tax Impact from Employment		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$1,402,328,460	\$563,786,490	\$1,966,114,950



## NEE Capital Investment

Following the acquisition of Santee Cooper, NEE will construct one new natural gas generation facility, as well as ten or more solar generation facilities, including battery storage at two of those locations. Additionally, upgrades will be made to one existing generation facility. The total capital investment associated with these projects will be more than \$2.3 billion. A portion of this investment will involve equipment purchases, which will have a reduced economic impact in South Carolina, in cases where the needed equipment is not available for purchase in the state. The timeline for construction will vary by facility, with the solar facilities each requiring a year or less for construction, and the natural gas plant being built over a three-year period.

### Statewide Capital Investment Impact

The investment will create an impact of approximately \$3.3 billion on the state economy, with more than \$1 billion of the impact in payroll. In addition, more than 18,000 jobs will be supported by these major construction projects. Note that construction is a one-time event, and associated jobs are likely temporary or represent an existing employee working additional hours. For that reason, jobs are considered supported rather than created.

Impact of Capital Investment in New Generation Facilities 2021-2024				
State of South Carolina				
Impact	Jobs Supported	Labor Income	Contribution to Regional GRP	Total Impact
Direct	11,038	\$672,183,371	\$1,117,870,921	\$2,212,171,077
Indirect	2,777	\$160,831,059	\$268,488,118	\$491,813,918
Induced	4,646	\$185,272,965	\$340,540,204	\$604,660,986
<b>TOTAL</b>	<b>18,461</b>	<b>\$1,018,287,395</b>	<b>\$1,726,899,243</b>	<b>\$3,308,645,981</b>

State and local taxes generated as a result of capital investment in these new generation facilities total nearly \$100 million.

State & Local Tax Impact from Capital Investment 2020-2023		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$28,853,346	\$70,601,650	\$99,454,996



## NEE Job Creation at New Generation Facilities

Following completion of the new generation facilities and storage facilities, approximately 48 permanent jobs will be created by NEE. The economic impact of those jobs in the State of South Carolina is more than \$90 million, including a payroll impact of nearly \$19 million.

### Statewide Job Creation Impact

In addition to the jobs created by NEE at the new generation facilities, approximately 128 additional indirect and induced jobs will be created. Following is a summary of the impact, broken down by direct, indirect and induced effects, first for the State of South Carolina.

Job Creation Impact 2022-2024				
State of South Carolina				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	48	\$10,092,071	\$34,547,319	\$63,749,196
Indirect	72	\$5,415,863	\$7,989,293	\$15,089,773
Induced	56	\$3,480,109	\$6,397,203	\$11,357,528
<b>TOTAL</b>	<b>176</b>	<b>\$18,988,043</b>	<b>\$48,933,815</b>	<b>\$90,196,497</b>

State and local taxes associated with these new jobs totals more than \$5.4 million over three years.

State & Local Tax Impact from Job Creation 2022-2024		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$4,208,541	\$1,257,843	\$5,466,384



## NEE State & Local Taxes

Following the construction of the new generation facilities, NEE will be assessed additional taxes on those properties over the next 30 years, which is considered the likely life of a power generation plant. As an Investor-Owned Utility, NEE will also be subject to state and local taxes other than property tax. NEE estimates the total new state and local taxes to be paid over 30 years to be approximately \$3.3 billion. While the amount of taxes paid annually will fluctuate, the total impact of these state and local taxes has been modeled assuming an approximate tax payment of \$110 million per year for 26 years. All parties acknowledge that this is not a precise number but is a sound projection of overall impact.

Detail about the type of taxes paid and the likely expenditure type is not currently available. For that reason, the projected impact has been based on a State and Local Government Non-Education Spending Pattern. If a portion of the paid taxes is utilized to fund education programs, the impact would increase incrementally, because education-related expenditures generate a greater impact than non-education spending.

### Statewide Impact of New Taxes

If NEE has an average increased tax liability of \$110 million per year, that would have a total annual impact of more than \$140 million, with an increase in GRP of more than \$102 million. Following is a summary of this impact on the State of South Carolina. Note that in this scenario, direct employment includes state and local government employees, while indirect represents intermediate expenditures made by state and local government. The induced impact represents how labor income is recirculated through the economy.

Annual Impact of New State & Local Taxes Associated with New Generation Facilities				
State of South Carolina				
Impact	Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	929	\$57,034,842	\$71,993,034	\$85,648,239
Indirect	74	\$3,559,484	\$5,725,489	\$10,604,503
Induced	335	\$13,475,122	\$24,761,101	\$43,976,820
<b>TOTAL</b>	<b>1,338</b>	<b>\$74,069,448</b>	<b>\$102,479,623</b>	<b>\$140,229,562</b>

Annual state and local taxes generated as a result of spending associated with these new taxes total approximately \$5.3 million.

Because NEE expects generation facilities to remain in operation for approximately 30 years, following is a projection of the cumulative impacts of the additional taxes paid. These calculations are based on the above one-year impact and are not precise because they do not account for inflation. Additionally, the annual amount may fluctuate, but the overall anticipated total will exceed \$3.3 billion. The projections show that total impact of NEE’s 26-year tax liability following completion of new generation facilities would be more than \$4.1 billion, with a \$3 billion contribution to South Carolina’s GRP. The labor income would be almost \$2.2 billion over 26 years, based on annual total employment



of 1,338. (Note that employment in the table below is for one year; the indirect and induced jobs would remain constant based on the same direct employment in each year.)

<b>Long-Term Projected Impact of New State &amp; Local Taxes Associated with New Generation Facilities</b>				
<b>State of South Carolina</b>				
	<b>Annual Employment</b>	<b>Labor Income</b>	<b>Contribution to Regional GRP</b>	<b>Total Impact</b>
Direct	929	\$1,687,608,652	\$2,130,244,830	\$2,534,647,198
Indirect	74	\$105,481,792	\$169,648,618	\$314,321,328
Induced	335	\$399,338,441	\$733,680,288	\$1,303,418,013
<b>TOTAL</b>	<b>1,338</b>	<b>\$2,192,428,885</b>	<b>\$3,033,573,736</b>	<b>\$4,152,386,539</b>

State and local taxes generated as a result spending associated with these new taxes on generation facilities total more than \$156 million.



## Additional Impacts Associated with Santee Cooper

In addition to the impacts associated with job retention and creation and investment in new generating facilities, it is possible that the State of South Carolina and individual locations within the state may experience additional impacts associated with NEE's acquisition of Santee Cooper.

### Electric Rate Stability

In its acquisition proposal, NextEra Energy has committed to provide Santee Cooper customers with low-cost and reliable power immediately following the transaction close and for the long-term future. The proposed rate structure is expected to include a rate freeze for four years (2021 to 2024) for all customers, including commercial and industrial users. Following that period, competitive rates are projected to remain lower than those forecast in the Santee Cooper "Business Forecast Sensitivity Case" model. During the rate freeze, NEE projects a total customer savings of more than \$950 million, including a customer refund.

This commitment to rate stability is a significant factor in South Carolina's overall economic development competitiveness, particularly as it relates to business prospects operating in sectors that are heavy electric users. While it is impossible to determine the precise impact this might have from an economic development perspective, the impact of investment and job creation scenarios can be measured.

A number of manufacturing sectors have been identified as energy intensive by the U.S. Energy Information Agency. These include food processing; pulp and paper production; basic chemical production; iron and steel processing; nonferrous metals processing and nonmetallic mineral production.<sup>1</sup> In addition to manufacturing sectors, data processing and storage is also a heavy electric user, requiring cooling units to maintain the data storage equipment. Hyperscale data centers may require capacity of 150MW or more,<sup>2</sup> with power costs often representing approximately 40 percent of a data center's total operating expenses.<sup>3</sup>

If NEE can provide competitive electric rates to companies in these energy intensive sectors and offer some stability into the future, this could result in job creation and investment as companies seek new locations or expand their existing South Carolina operations. In an effort to understand how those business decisions might positively impact South Carolina and cities or counties where development might occur, Boyette developed two business location scenarios. The first assumes the location or expansion of an aluminum processing facility. The second is for a large data center with heavy power demand. The parameters of these scenarios were developed based on examination of other similar businesses that have announced new locations in the Southeastern United States between 2016 and 2018.

For purposes of modeling the economic impact, the aluminum processing project was assumed to create 300 new jobs with a capital investment of \$100 million, with construction being done in 2021 and employment beginning in 2022. Following is a summary of the economic impact of a project of this scale for the State of South Carolina and for Berkeley County. The investment and job creation would have a total statewide impact of almost \$1.6 billion, with more than 500 jobs supported during the construction period and nearly 900 permanent direct, indirect, and induced jobs created. The state





and local tax impact would be more than \$45 million from 2021 to 2024. This impact is based on a constant level of employment for a three-year period from 2022 to 2024.

### *Manufacturing Scenario Investment & Job Creation Impact*

<b>Aluminum Processing Scenario Impact 2021 - 2024</b>				
<b>State of South Carolina</b>				
	<b>Employment</b>	<b>Labor Income</b>	<b>Contribution to Regional GRP</b>	<b>Total Impact</b>
Direct	811	\$164,724,441	\$349,706,553	\$1,037,409,223
Indirect	408	\$84,095,743	\$159,763,548	\$352,924,600
Induced	495	\$55,732,410	\$102,392,267	\$181,906,401
<b>TOTAL</b>	<b>1,714</b>	<b>\$304,552,594</b>	<b>\$611,862,368</b>	<b>\$1,572,240,223</b>

State and local taxes associated with this job creation and investment project total more than \$45 million.

<b>State &amp; Local Tax Impact from Metal Processing Scenario 2021 - 2024</b>		
<b>State of South Carolina</b>		
<b>Direct Tax Impact</b>	<b>Indirect &amp; Induced Tax Impact</b>	<b>Total Tax Impact</b>
\$12,136,053	\$33,026,377	\$45,162,430

The table below provides the same information related to the impact of capital investment and job creation when considering only Berkeley County. The total impact in the county would exceed \$1 billion, with a tax impact of more than \$9.2 million. The construction phase will support 170 jobs, with almost 350 jobs created through the direct employment of 300.

<b>Metal Processing Scenario Impact 2021 - 2024</b>				
<b>Berkeley County</b>				
	<b>Employment</b>	<b>Labor Income</b>	<b>Contribution to Regional GRP</b>	<b>Total Impact</b>
Direct	470	\$111,771,474	\$245,031,577	\$727,730,335
Indirect	254	\$50,892,082	\$115,470,291	\$235,819,204
Induced	118	\$10,784,419	\$23,709,394	\$43,401,531
<b>TOTAL</b>	<b>842</b>	<b>\$173,447,975</b>	<b>\$384,211,262</b>	<b>\$1,006,951,070</b>



Local taxes generated in Berkeley County as a result of this job creation and capital investment could total more than \$9 million over four years.

Local Tax Impact from Metal Processing Scenario 2021 - 2024		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$2,844,650	\$6,454,439	\$9,299,089

Note that construction is a one-time event, and associated jobs are likely temporary or represent an existing employee working additional hours. For that reason, jobs tied to the construction of the facility are considered supported rather than created. Additionally, limited impact is seen in the state associated with investment in equipment for the aluminum processing facility, because that equipment would likely not be available in-state.

State and local taxes generated as a result of the creation of 300 jobs, with the associated \$100 million in capital investment, total more than \$45 million. It should be noted that incentives are not accounted for in this data. Incentives would only have an impact on the direct taxes paid by the benefitting company. Indirect and induced tax impacts, which are not affected by incentives, total approximately \$33 million.

*Data Center Scenario Investment & Job Creation Impact*

For purposes of modeling the economic impact of a data center facility, Boyette assumed a total investment of \$250 million with employment of 50 once operational. It was assumed the facility would be constructed in 2021 with employment beginning in 2022. Following is a summary of the economic impact of a project of this scale for the State of South Carolina and for Berkeley County. The investment and job creation would have a total statewide impact of more than \$444 million, with 1,233 jobs supported during the construction period and 146 permanent direct, indirect, and induced jobs created. The state and local tax impact would be more than \$13.4 million.

Data Center Scenario Impact 2021 – 2024				
State of South Carolina				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	682	\$63,496,713	\$155,999,153	\$301,122,857
Indirect	304	\$25,900,982	\$41,354,368	\$77,420,071
Induced	393	\$20,105,659	\$36,938,942	\$65,623,710
<b>TOTAL</b>	<b>1,379</b>	<b>\$109,503,354</b>	<b>\$234,292,463</b>	<b>\$444,166,638</b>



State and local taxes associated with the capital investment and new jobs total almost \$13 million over four years.

State & Local Tax Impact from Data Center Scenario 2021 – 2024		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$5,175,632	\$7,426,081	\$12,601,713

The table below provides the same information related to the impact of created jobs and investment when considering only Berkeley County. It is anticipated that this facility will be operational in 2022; the following data reflects the impact of construction which will support more than 500 jobs, as well as permanent employment from 2022-2024.

Data Center Scenario Impact 2021 – 2024				
Berkeley County				
	Employment	Labor Income	Contribution to Regional GRP	Total Impact
Direct	472	\$35,099,458	\$44,808,072	\$99,775,312
Indirect	83	\$8,891,926	\$13,159,113	\$24,978,703
Induced	56	\$2,915,245	\$6,409,405	\$11,732,391
<b>TOTAL</b>	<b>611</b>	<b>\$46,906,629</b>	<b>\$64,376,590</b>	<b>\$136,486,406</b>

Local taxes generated in Berkeley County as a result of a data center project and associated employment would total nearly \$3.5 million over four years.

Local Tax Impact from Data Center Scenario Investment 2021		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
\$715,358	\$922,315	\$1,637,673

As noted above, construction is a one-time event, and associated jobs are likely temporary or represent an existing employee working additional hours. For that reason, jobs tied to the construction of the facility are considered supported rather than created. Additionally, limited impact is seen in the state associated with investment in equipment for the data center facility, because that equipment would likely not be available in-state.



State and local taxes generated as a result of the creation of 50 jobs, with the associated \$250 million in capital investment, total almost \$13 million. It should be noted that incentives are not accounted for in this data. Incentives would only have an impact on the direct taxes paid by the benefitting company. Indirect and induced tax impacts, which are not affected by incentives, total approximately \$7.4 million.



## Post-Acquisition Eliminated Jobs

Santee Cooper’s current employment totals approximately 1,650. Following an NEE acquisition, approximately 680 jobs associated with Santee Cooper will be eliminated statewide over a four-year period. **This does not account for job creation associated with new generation facilities. The impact of those jobs has been modeled separately.** <sup>4</sup> While that job loss could have a significant impact on the state and Berkeley County, in particular, it is likely that the vast majority of employees in those positions will either choose to enter retirement or secure other employment in a short period of time.

In order to assess the impact of this job loss, the economic impact of the total loss, as well as two other potential scenarios, have been modeled for both the State of South Carolina and Berkeley County, which is where the bulk of the jobs are located.

In considering factors such as South Carolina’s low unemployment rate and tight labor market, the current 76,000 available jobs, the competitive skill sets of the Santee Cooper workforce, and the fact that 30 percent of the current Santee Cooper workforce is currently eligible for retirement, two additional scenarios measuring job loss impact have been explored – one in which 10 percent of the eliminated workers remain unemployed long term and one in which 25 percent of the eliminated workers fail to secure new employment.

### Job Loss Impact in South Carolina

The economic impact of the 680 jobs expected to be eliminated in the State of South Carolina is more than \$4.7 billion, including a payroll impact of more than \$986 million. Following is a summary of the impact, broken down by direct, indirect and induced effects, first for the State of South Carolina.

Total Job Loss Impact 2021-2024			
State of South Carolina			
	Labor Income	Contribution to Regional GRP	Total Impact
Direct	\$402,911,187	\$843,438,919	\$2,424,221,407
Indirect	\$402,443,538	\$815,800,070	\$1,727,478,106
Induced	\$180,845,154	\$332,465,481	\$590,185,424
<b>TOTAL</b>	<b>\$986,199,879</b>	<b>\$1,991,704,471</b>	<b>\$4,741,884,937</b>

State and local taxes associated with these eliminated jobs total more than \$377 million.

State & Local Tax Impact from Total Job Loss 2021-2024		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
-\$226,124,565	-\$151,324,979	-\$377,449,544



If only 10 percent of Santee Cooper employees whose positions are eliminated fail to secure new employment of a similar value, the economic impact would be reduced to \$474 million, including a payroll impact of more than \$98 million. Similarly, if 25 percent of employees who lost their jobs fail to find new positions, the reduced impact would total almost \$1.2 billion. The state and local tax impact would be almost \$38 million for the 10 percent scenario and \$94 million based on the 25 percent scenario. Following is a summary of the reduced impact, broken down by direct, indirect and induced effects, for the State of South Carolina, looking at a 10 percent and a 25 percent scenario.

10% Job Loss Impact 2021-2024			
State of South Carolina			
	Labor Income	Contribution to Regional GRP	Total Impact
Direct	\$40,291,284	\$84,344,107	\$242,422,655
Indirect	\$40,244,443	\$81,580,137	\$172,748,048
Induced	\$18,084,573	\$33,246,653	\$59,018,729
<b>TOTAL</b>	<b>\$98,620,300</b>	<b>\$199,170,898</b>	<b>\$474,189,432</b>

State and local taxes associated with 10 percent of the eliminated jobs total more than \$37.7 million.

State & Local Tax Impact from 10% Job Loss 2021-2024		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
-\$22,612,502	-\$15,132,518	-\$37,745,020

Similarly, if 25 percent of employees who lost their jobs fail to find new positions, the reduced impact would total \$1.2 billion. The state and local tax impact for that scenario would be \$94 million.

25% Job Loss Impact 2021-2024			
State of South Carolina			
	Labor Income	Contribution to Regional GRP	Total Impact
Direct	\$100,727,801	\$210,859,737	\$606,055,373
Indirect	\$100,610,888	\$203,950,024	\$431,869,541
Induced	\$45,211,290	\$83,116,374	\$147,546,362
<b>TOTAL</b>	<b>\$246,549,979</b>	<b>\$497,926,135</b>	<b>\$1,185,471,275</b>



State and local taxes associated with eliminated jobs in a 25 percent scenario total more than \$94 million.

State & Local Tax Impact from 25% Job Loss 2021-2024		
State of South Carolina		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
-\$56,531,143	-\$37,831,246	-\$94,362,389

Job Loss Impact in Berkeley County

Santee Cooper currently has more than 1,000 employees in Berkeley County. The elimination of approximately 380 jobs there will result in a total reduction in GRP of more than \$900 million. The table below provides information related to the impact of eliminated jobs when considering only Berkeley County.

Total Job Loss Impact 2021-2024			
Berkeley County			
	Labor Income	Contribution to Regional GRP	Total Impact
Direct	\$98,413,587	\$368,239,281	\$1,262,317,889
Indirect	\$176,313,403	\$493,493,272	\$1,054,156,164
Induced	\$18,364,124	\$40,377,082	\$73,906,668
<b>TOTAL</b>	<b>\$293,091,114</b>	<b>\$902,109,636</b>	<b>\$2,390,380,720</b>

Local taxes associated with these eliminated jobs in Berkeley County total more than \$107 million.

Local Tax Impact from Total Job Loss 2021-2024		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
-\$71,475,479	-\$35,619,813	-\$107,095,292

If only 10 percent of the eliminated Berkeley County employees fail to return to work, the total impact would be reduced to approximately \$233 million, with a payroll impact of more than \$28 million. The table below provides additional information related to the impact of eliminated jobs in the 10 percent scenario when considering only Berkeley County.



10% Job Loss Impact 2021-2024			
Berkeley County			
	Labor Income	Contribution to Regional GRP	Total Impact
Direct	\$9,318,571	\$34,957,978	\$121,003,531
Indirect	\$17,407,652	\$48,976,790	\$104,657,129
Induced	\$1,786,064	\$3,926,994	\$7,188,037
<b>TOTAL</b>	<b>\$28,512,287</b>	<b>\$87,861,761</b>	<b>\$232,848,697</b>

Local taxes associated with 10 percent of the eliminated jobs in Berkeley County total more than \$10 million.

Local Tax Impact from 10% Job Loss 2021-2024		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
-\$6,836,913	-\$3,530,254	-\$10,376,167

Under a scenario in which 25 percent of employees who lose their jobs fail to secure new comparable employment, the impact in Berkeley County would total approximately \$488 million. The table below provides information related to the impact of eliminated jobs when considering only Berkeley County.

25% Job Loss Impact 2021-2024			
Berkeley County			
	Labor Income	Contribution to Regional GRP	Total Impact
Direct	\$19,535,551	\$73,286,276	\$253,673,085
Indirect	\$36,493,587	\$102,675,462	\$219,404,316
Induced	\$3,744,324	\$8,232,591	\$15,069,076
<b>TOTAL</b>	<b>\$59,773,461</b>	<b>\$184,194,328</b>	<b>\$488,146,477</b>

Local taxes under this scenario in Berkeley County total almost \$38 million.

Local Tax Impact from 25% Job Loss 2020-2023		
Berkeley County		
Direct Tax Impact	Indirect & Induced Tax Impact	Total Tax Impact
-\$14,332,977	-\$7,419,730	-\$21,752,708





## Efforts to Mitigate Job Losses

Next Era Energy recognizes the impact of these job losses in Berkeley County and other areas of the State of South Carolina and is committed to working with local officials to mitigate the impact of these losses.

The NEE Economic Development team will work in tandem with all partners to ensure that these jobs are backfilled with other high value jobs as a result of South Carolina's competitive environment and NEE's aggressive support of economic development opportunities. Additionally, as is described later in this impact analysis report, NEE has a plan for electric rate stability that will enhance South Carolina's overall competitive position, particularly related to industries in which the cost of electricity is a significant percentage of their operating costs.



## Endnotes

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<sup>1</sup> <https://www.eia.gov/outlooks/leo/pdf/industrial.pdf>

<sup>2</sup> <https://www.pwc.com/us/en/industries/capital-projects-infrastructure/library/data-center-capital-projects.html>

<sup>3</sup> [https://www.uschamber.com/sites/default/files/ctec\\_datacenterppt\\_lowres.pdf](https://www.uschamber.com/sites/default/files/ctec_datacenterppt_lowres.pdf)

<sup>4</sup> Total NEE employment in 2024 and beyond will be 970, resulting in a net job loss to 680. Because new job creation is treated differently from retained jobs, Boyette modeled those two factors separately to determine overall impact. This led to the higher job loss number in this section of the report, which is then offset in a later section measuring the impact of NEE's new job creation at additional generation facilities.

