

THE SCANA LETTER

A Fresh Look at Economic Development
from SCANA Corporation

Power for the Way You Work

December 2007 Unemployment	N. Carolina 5.0%	S. Carolina 6.6%	National 5.0%
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Fourth Quarter 2007

Dear Allies:

While the sub-prime mortgage debacle, rising unemployment and oil prices are raising some concerns about the economy in 2008; the Southeast is still green with economic growth, and becoming greener in the energy sector:

Around South Carolina

South Carolina's pro-business, pro-opportunity mindset is the biggest reason the state has become a magnet for investments, according to Steve Forbes, president and CEO of Forbes Inc. "It seems to me that **South Carolina is a prime example of what's really happening in the global economy**," Forbes said in an October interview with the *Charleston Regional Business Journal*, citing the **\$600 million investment by Dubai-based Jafza International for a logistics center in Orangeburg, S.C.** The complex, situated at I-95 and U.S. 301, and within a few miles of I-26 and I-20, will tie loads of cargo arriving and departing from the ports of Charleston and Savannah with customers across the Southeast, and will eventually employ 8,000 to 10,000 people.

The Myrtle Beach-Conway-North Myrtle Beach area was ranked #1 in job growth and #11 overall in the 2007 Milken Institute "Best Performing Cities" index, an annual study of where America's jobs are being created and sustained. The California-based economic think tank index is based on job and wage growth. Myrtle Beach moved up from #35 in the 2006 index, and also moved from the "small metro" group in 2006 to the "large metro" group in 2007. According to the Milken Institute study, **the Myrtle Beach area charted a 6.82% growth in jobs between March 2006 and March 2007 and the employment base grew 17.7 percent faster than the national average over a five-year period ending 2006.**

Charleston-North Charleston area was ranked #12 in the Milken Institute index. The Charleston-North Charleston area moved up the list from #22 in 2006; and from #57 in 2005. Milken found that Charleston's employment base grew 7.1 percent faster than the national average. According to Milken Institute, **Charleston's low cost of living relative to other cities "provides more opportunities for retirees outside the area, while its diverse industry base attracts skilled workers."**

The Milken Institute also gave Columbia, S.C. high marks for its dramatic job growth during the past year; the capital city's overall ranking jumped from 134th in 2006 to 69th this year.

Charleston was ranked third by readers of *Condé Nast Traveler* in the magazine's 2007 top 10 U.S. travel destinations list, making the top ten list for the fifteenth consecutive year. Five hotels in Charleston made the top hotels list and nearby Kiawah Island received the #2 ranking for best islands in North America, #5 ranking for best resort and a listing in the "Best of the Best" category. *Condé Nast Traveler* is a monthly travel publication catering to the experienced, *discerning* and frequent traveler.

North Carolina Perspectives

North Carolina retains its top spot in *Site Selection* magazine's 2007 Top State Business Climate rankings. For the third consecutive year and the sixth time in seven years, North Carolina ranked first in the magazine's annual business climate analysis. The scores are based equally between actual project activity and survey results from corporate real estate decision makers.

North Carolina is the fourth leading U.S. state in FIRE sector (finance, insurance and real estate) projects according to construction criteria established by the Conway Data New Plant Database. North Carolina scored eight projects between January 2006 and August 2007. Florida led the list with 18 projects, followed by Texas with 14. The FIRE sector now constitutes 20 percent of U.S. GNP. The value added by the FIRE sector in the economy was estimated by the U.S. Bureau of Economic Analysis at \$2.76 trillion in 2006. FIRE sector projects mostly include corporate headquarters, data and call centers.

The Charlotte-Gastonia-Concord area ranked second in economist William Fruth's 2007 POLICOM "Economic Strength" rankings. Rankings are based on a "standard of living" point of view that examines 28 long-term trends, including trends in earnings, income and job creation.

Charlotte also makes the top ten in MarketWatch's Best U.S. Cities for Business, ranking fifth. The Dow Jones unit ranked cities based on the presence of top companies and small businesses per capita, unemployment, job growth and population growth.

The Southeast and Beyond

Nine of the top ten states in *Site Selection* magazine's 2007 Top State Business Climate rankings and 2007 Executive Survey (of corporate real estate executives) rankings were in the South. The southern states that made the top ten in both surveys were South Carolina, North Carolina, Georgia, Texas, Virginia, Alabama, Tennessee, Kentucky and Florida. Fifty percent of the total score was derived from actual project activity and the other half was based on a survey of corporate real estate executives.

Despite serious drought conditions, Georgia's business climate is improving. The state is transitioning to a "single factor gross receipts" apportionment formula for the calculation of corporate income tax, substantially reducing state income tax for companies based in the state that ship most of their production out of state. **Georgia is the first state in the Southeast to adopt this formula.**

Energy News

The stripping of the Renewable Portfolio Standard (RPS) provisions from the energy bill which was signed by the President on Dec. 19 is considered a big win for the electric industry and electricity consumers, especially in the South. The standards would have required power companies to generate 15 percent of electricity from renewable sources such as wind or solar power. New Mexico's Pete V. Domenici, ranking Republican on the Senate Energy and Natural Resources Committee, actively fought the provision, describing it as "costly, ineffective ... and untenable," further stating that **RPS places "an unfair burden on states that lack the natural resources to meet a new [15 to 20 percent] renewable standard."** Many of these states are in the South and mid-Atlantic regions, which do not have the consistent sunshine and strong winds present in the West and other parts of the country. The utilities in states that lack sufficient wind and solar resources would be unable to meet the new standard; and, consequently, would need to buy expensive renewable energy credits. This would result in substantially higher electricity rates for their consumers, with no additional renewable electricity to show for it.

Many Southern utilities, however, are already instituting green power programs with available renewable resources. SCANA Corporation, Duke Energy Corporation and Progress Energy Inc. will start selling "green power" to their South Carolina customers in 2008 through a non-profit group, Palmetto Clean Energy (PaCE). The utilities will market the renewable energy to the homes and businesses they serve in the state. PaCE will act as a "pass-through agency" offsetting carbon-producing energy use by buying power from small Southeastern companies that generate electricity with wind turbines, solar panels and landfill gas. **North Carolina already has a similar program.**

Scores of companies and communities will benefit from the utilities' need for renewable energy, as well as from already enacted energy laws. According to a *Kiplinger BusinessResourceCenter* forecast, **the big winners out of the new energy efficiency requirements include suppliers of components for fuel-efficient cars, manufacturers of light emitting diodes, and biofuels research and development leaders. Another big winner is the construction industry, which will benefit from new bio-refinery plant construction.** Many businesses and communities will benefit from the new plants and the new demand for housing, offices, stores and services needed to serve the plants.

Commercial and industrial electricity prices increased by 4.7 percent in the year ending April 2007 according to NUS Consulting Group of Park Ridge, N.J. NUS found the average price of electricity in the United States was 9.28 cents per kilowatt-hour (kWh), compared with 8.86 cents per kWh in April 2006. **The study found customers in California, Maryland and New York pay the most for electricity.** Some of the highest utilities: Consolidated Edison (N.Y.) at 18.29 cents/kWh; Baltimore Gas & Electric (Md.) at 12.98 cents/kWh; and Southern California Edison (Calif.) at 12.65 cents/kWh. **The lowest cost utilities included many from the South.** Although high-cost states may offer attractive economic development incentive packages; **according to NUS, "beneficial tax breaks can be eliminated by locating in a high utility cost area."**

SC Announcement Highlights

- **Ometric**, an optical sensor company, is launching in Richland County after landing a major contract. This company came out of the University of South Carolina Incubator and uses light to identify the chemical composition of pharmaceutical products.
- **National Choice Bakery** announced plans for a new manufacturing facility in Chesterfield County. National Choice is one of the premier suppliers of bagels in the United States.
- **X-Caliber** will locate its headquarters and a manufacturing plant in a new facility in Dorchester County. X-Caliber will be the sole North American manufacturer of Plantacote controlled release fertilizer.
- **The State Farmers Market** announced it is leaving its too-small 50-acre site in Richland County to move to a 160-acre site in Lexington County. The market will add new features - including stores, a restaurant and an amphitheater - to attract customers. The new market is expected to open in March 2010.
- **Luigi Bormioli Corporation**, a distributor of high-end fragrance and tableware products, has purchased a facility in Barnwell Industrial Park.
- **Ahlstrom**, formerly known as BBA Non-Wovens, is expanding operations in Kershaw County, relocating operations from plants it is closing in Darlington County and Massachusetts.
- **Weber Automotive Group** announced plans for a groundbreaking in 2008 to expand their facility in Eastport Commerce Park in Dorchester County.
- **Venture Aerobearings**, a venture of GE Aviation and SKF Aerobearings, announced plans to locate a high-precision steel bearing manufacturing and repair facility in Palmetto Commerce Park in Charleston County.

Best to you,



Sharon K. Dovell, Editor



SCANA, headquartered in Columbia, South Carolina, is an energy-based holding company that works in partnership with the S.C. Department of Commerce, regional alliances and site selection consultants to assist with relocations and expansions in the Carolinas. We provide natural gas to more than 1.2 million customers in South Carolina, North Carolina and Georgia and electricity to approximately 636,000 customers in South Carolina. Please visit us on the Web at www.scana.com or call us at 803-217-9005.
