

THE SCANA LETTER

A Fresh Look at Economic Development
from SCANA Corporation

Power for the Way You Work

September 2009 Unemployment	N. Carolina 10.8%	S. Carolina 11.6%	National 9.8%
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Third Quarter 2009

Dear Allies:

The recession has focused the U.S. on job creation, infrastructure development and competitiveness - and the South is leading the way:

Around South Carolina

South Carolina takes double honors in *Trade & Industry Development's* 4th Annual Corporate Investment & Community Impact (CiCi) awards. **Two South Carolina projects received Corporate Investment awards: BMW and American Titanium Works.** The \$750 million BMW expansion project will create 500 jobs and retain 5,400; the \$422 million new American Titanium Works project will create 360 jobs. Corporate Investment CiCi Awards are based on the scale of a project in a particular location.

Boeing announced its choice of North Charleston for a second Dreamliner 787 final assembly site. **The capital investment on the expansion is estimated in the hundreds of millions of dollars; the new job potential is estimated at around 4,000.** The areas will also benefit from the more immediate construction jobs.

South Carolina's single factor sales tax, a new formula that **can substantially reduce the amount of state income taxes payable** by a multi-state company with property and payroll in South Carolina, is phasing in and will be fully applicable in 2011.

Maersk Line, the world's largest ocean carrier, having 15 percent of the world's market share, **has signed a new, five-year agreement with the Port of Charleston.**

South Carolina is attaining a global reputation for engineering expertise. "If you're a Fortune 100 company and you need someone to design, build and support a big capital project, there's really three places you can go for that kind of expertise: Philadelphia, the greater Houston area and South Carolina," says Lee Stogner, chairman of the S.C. Engineering Cluster (as quoted in *SCBiz* magazine). Stogner also says **firms such as Wilbur Smith Associates, BP Barber, Fluor Corp. and Jacobs Engineering are helping brand the state as an engineering expertise center.**

South Carolina is the third largest user of WorkKeys®, a nationally recognized job profiling program that tests and certifies industry worker skill levels and **helps build a skilled work pool**. The value of WorkKeys® is that it matches applicant skills with position profiles, which can be customized for a company, and ensures the certified applicants are trained to a performance level standard. **The WorkKeys® profiling and certification process helps takes the guesswork out of hiring for companies. It reduces the cost of identifying, screening and training job candidates, reduces job turnover, and improves quality and productivity.** See the website www.workreadysc.com for more information.

North Carolina Perspectives

North Carolina received one Corporate Investment and one Community Impact award in the 4th Annual Cici awards. According to *Trade & Industry Development* magazine, **the Community Impact award**, which focuses on projects that have profound implications for communities, **went to Sutter Street Manufacturing, a subsidiary of Williams-Sonoma, Inc., in Hickory.** The project is expected to **create 820 furniture-related jobs** in an area where overseas competition has devastated the furniture manufacturing jobs in the last decade. Long-term project investment could reach \$22.5 million. **The Corporate Investment award went to Spirit AeroSystems**, which supplies commercial airplane assemblies and components. Spirit is expected to **create 1,031 jobs in Kinston.** The project plan calls for more than \$570.5 million in investment.

North Carolina has three shovel-ready, at-port distribution center sites available within 15 miles of the Port of Wilmington, including International Logistics Park and Pender Commerce Park. Two additional sites in the same area are progressing towards shovel-readiness. **North Carolina also has port expansion projects in the works** to accommodate growth and support the needs of its container shipping industry. They have recently completed new container handling and terminal operating expansion projects.

The Southeast and Beyond

The South leads all U.S. regions in Fortune 500 company headquarters locations. The South has 166, followed by the Northeast with 127, the Midwest with 126 and the West with 81. Texas, with 64, leads the South, as well as the entire U.S., as the state with headquarters to the most Fortune 500 companies. According to Mike Randle, editor, *Southern Business & Development* magazine, **a "slew" of major headquarter relocations to the South can be expected soon. Why? Companies are finding the lower operating costs in the South hard to resist**, especially as the operating savings are substantial enough that some **companies can recoup relocation costs in as little as two years.** The affordable housing and lower cost of living in the South are also major factors. **Companies located in expensive cities in the West and Northeast are finding that the workers they want to hire can't afford to live there.**

The South's defense industry is one of the largest in the world. Forbes recently **awarded the South the majority of "Top Cities for Defense Jobs."** Washington, D.C. took the No. 1 spot; Orlando and Tampa-St.Pete, Fla., Huntsville, Al. and Dallas-Fort Worth, Texas also made the top 10.

Hartsfield-Jackson in Atlanta won the World Air Cargo Award for Airport of the Year from *Air Cargo Week*, a London-based publication.

The United States remains the world's largest manufacturer in terms of dollar value of manufactured products. Although a substantial portion of low-tech manufacturing has shifted overseas, **the U.S. still dominates in advanced manufacturing industries.** Manufacturing is still a core driver of innovation and economic growth. A widespread misconception exists that the U.S. has lost its manufacturing base, according to John Engler, in *Trade & Industry Development*. **In actuality, U.S. manufacturing jobs have become more advanced. They offer excellent pay and benefits and require greater skill sets. One of the biggest problems is not the lack of jobs, but the scarcity of qualified manufacturing workers.**

Energy News

The U.S. Energy Information Administration projects that world energy consumption will grow by 50 percent between 2005 and 2030, assuming current energy policies remain in place. Between 1995 and 2005, **Americans offset 75 percent of potential increases in energy usage through efficiency gains - and there is huge potential for technology to increase energy efficiency in the future.** The possibilities include a "smart electrical grid" that allows for two-way communication of energy usage between consumers and power companies. **A smart grid would enable consumers to identify home appliances being used inefficiently and to reduce consumption during expensive, peak hours.** It also would allow utility companies to monitor power flow to consumers and **respond more quickly to problems according to** *Trade & Industry Development* magazine.

Babcock & Wilcox Co. announced plans to build a new class of miniature nuclear reactors which will generate 125 megawatts, about one-tenth the power of the average nuclear power plant. The mini-reactors "will be a milestone in the nuclear renaissance" according to B&W's CEO, Brandon Bethards. **A mini-reactor could be shipped by rail to a site where it could power about 100,000 homes or a large factory.**

Wind power is taking Texas by storm. Texas is at the eight gigawatt production mark, leading the nation in wind power generation.

SCANA, parent company of South Carolina Electric & Gas Company, completes its move to a new corporate facility. SCANA moved from a downtown Columbia high-rise to a newly built, "green," campus-style facility in Cayce, Lexington County.

On the foreign trade zone program's ability to enhance the competitiveness of U.S. companies:

"Zone users become more competitive by reducing transaction fees and lowering, or even in many cases, eliminating customs duties. By doing this, it levels the playing field with their competitors overseas, thereby making them more competitive and retaining and creating capital jobs and investment." - Craig M. Pool, President, Foreign-Trade Zone Corporation.

Did you know?

- A foreign-trade zone, or FTZ, is a specially designated area, in or adjacent to a U.S. Customs Port of Entry, which is considered to be outside the Customs Territory of the U.S.
- FTZs provide an opportunity to companies for cash flow savings, tariff rate savings, tax savings, reductions in transaction fees, and reductions in duties on waste, scrap, yield loss, and rejected or defective parts.
- Merchandise in an FTZ may be stored, repackaged, manipulated, manufactured, destroyed or otherwise altered or changed.
- There are over 270 FTZs, approximately 400 subzones, and over 2000 FTZ users in the U.S.
- A company doesn't have to be located in an FTZ to take advantage of the program; it can request and attain subzone status or use a third-party warehouse.
- Subzones account for over 90 percent of FTZ activity.

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, local communities 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 652,000 customers in South Carolina. Please visit us on the Web at www.scana.com or call us at 803-217-9005. Send address changes and subscription requests to sdovell@scana.com.
