

Extracts from pertinent correspondence between
Plantation Lakes POA and Santee Cooper / Ms. Carlita Goff

July 19, 2019, from Carlita Goff:

Good morning,

I am responding in reference to the news article and segment that was aired on WMBF yesterday, July 18, 2019, regarding Plantation Lakes Outdoor Lighting. I wanted to provide clarification on a few items mentioned in the article.

There is no cost to remove the poles; further, there is no cost to install a standard (downgraded) light pole and fixture. The \$150 mentioned in the article is for lights that have not met the contract term. Plantation Lakes has met their term. (The only cost we have discussed in the past is a \$30 fee to upgrade a working fixture to LED; fixtures will be upgraded as they fail.)

There is no appeal to "Santee Cooper's rate study committee". When we undergo a rate study, it is a public process, and we have public hearings in the communities we serve. We would have several hearings in the Grand Strand area when we undertake the next rate study. The time frames for the next study and associated public hearings have not been established yet.

We have found pricing for similar lights at Dominion. It's always hard to know how similar the products are, but the pricing is certainly in-line:
7,500 Lumens (MV) (175W) (Acorn, Round, or Octagonal Style)* \$ 16.07/month
14' Smooth/Fluted Aluminum (Mounted Height) \$ 23.85/month

If I can be of further assistance, please let me know.

Thanks,
Carlita

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August 1, 2019

Ms. Carlita Goff
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Ms. Goff,

Thanks for your emails of July 19 and July 25. They provide helpful information, as have each of your messages over the past several years. You represent Santee Cooper well, demonstrating courtesy and professionalism.

Although we had carefully read Rate Schedule OL-17, the fact that Santee Cooper doesn't charge \$150 per pole to remove them (*after* the initial period of obligation is fulfilled) is not clearly spelled out in the document nor apparent to us, so thanks for the clarification.

QUESTION #1: Based on our monthly rental fee of \$22.30 per pole, it appears we have the poles described in OL-17, Exhibit A, Line 17. While recognizing that Santee Cooper retains ownership of the poles, does the "\$1101-\$1301" mentioned on line 17 refer to the initial cost/value of the pole?

Regarding transition to LED lights: Your July 19th email states "The only cost we have discussed in the past is a \$30 fee to upgrade a working fixture to LED; fixtures will be upgraded as they fail." I note, however, in your 10/17/2018 email to Roger Elsasser, our former POA president, you mentioned further details, namely:

- That "The Plantation Lakes HOA President will need to sign a new Heritage Rental Lighting Agreement for the new LED lights, which starts a new 7-year contract."
QUESTION #2: Where, in documents available to us, does it mandate a 7-year contract for LED light installations?
- That "...there is a 50-light limit per customer..."
QUESTION #3: We have 228 lights...how would we arrange to convert the others?
- That our monthly light & pole rental cost would rise from \$34.00 each to \$36.22, and therefore, "...switching to the equivalent LED light is not cost effective."
QUESTION #4: LED lights are universally understood to be more energy-efficient and to have dramatically longer useful life than their predecessors. Where and how are the long-term savings passed along—at least in part—to us as the customer?

Regarding the Santee Cooper rate study committee: We recognize there is no appeal, other than public involvement, during the hearings that precede adoption of a revised schedule. ***Frankly, we are minimally concerned about minor adjustments to the rates being charged but VERY interested in a process that could dramatically reduce our lease costs—or better yet—lead to HOA/POA ownership of the existing poles!***

Santee Cooper's Aug 8th response to Plantation Lakes POA letter of Aug 1, 2019:

Thank you for the opportunity to answer your questions and provide more information on our rental lighting program. I have provided answers to your series of questions. I can provide more detail and explanation once we schedule a follow-up meeting.

QUESTION #1: Based on our monthly rental fee of \$22.30 per pole, it appears we have the poles described in OL-17, Exhibit A, Line 17. While recognizing that Santee Cooper retains ownership of the poles, does the "\$1101-\$1301" mentioned on line 17 refer to the initial cost/value of the pole?

The monthly rental charges in OL-17 are indexed to the initial material cost of the pole; this is the most convenient way using easily available information to document the rates. The Low Country fluted pole is currently \$1260 based on the last invoice price (material cost only). However, the cost of the pole is only one factor in the total cost to install a street lighting system. Other components include engineering design, crew labor to install the pole foundation and the pole, material and installation cost for the underground street light wiring system, and applicable corporate overheads. The pole cost itself is less than half of the initial installed cost. The rate also includes maintenance and interest over the life of the pole. By design, the total cost would be paid for over the projected life of the average pole. With our lease program for poles and lights, we take care of all maintenance and replacement of capital items at the end of their life. We have benchmarked our lighting cost against three other neighboring utilities and have found our costs to be in-line; in fact, we were one of the lowest.

QUESTION #2: Where, in documents available to us, does it mandate a 7-year contract for LED light installations? [and] that "...there is a 50-light limit per customer..."

The OL-17 lighting rate covers the basic concept of the lighting contract for standard lighting, and it is also the rate and policy in effect for long-term, post-contract lighting like in Plantation Lakes. At initial installation of any light or lights, a lighting agreement is signed. This lighting agreement specifies the minimum lighting contract period for various light types. LEDs have a seven-year minimum contract. See paragraph 6(a) of the attached Heritage Collection Rental Lighting Agreement. In our benchmarking, other utilities had contracts between 10 and 25 years; ours is the shortest.

Our internal policies stipulate a limit of 50 lights per year per customer for conversion of existing, working lights to LED. There is also a \$30 fee per fixture. We already change out failed fixtures to LED fixtures when required, and over time, all fixtures will be converted to LED – at no additional charge.

QUESTION #3: We have 228 lights...how would we arrange to convert the others? That our monthly light & pole rental cost would rise from \$34.00 each to \$36.22, and therefore, " ...switching to the equivalent LED light Is not cost effective."

Last week, a failed fixture was changed out to LED. At this time, you have 227 metal halide fixtures and 4 LED fixtures. If you wish to proceed with accelerating the change-out to LEDs, just let me know. You would need to prioritize which 50 you would like changed out this year, and we will initiate a lighting agreement for those 50 lights. Please note, you will likely not be able to tell a difference in the HID (High Intensity Discharge) lights and LED lights. As you enter your neighborhood and pass the main fountain, you will see three lights on your right and three on your left. The first of the three on your right is LED, and it looks identical to the other two during the day and at night.

The pricing listed above in the question is not correct. You would actually save \$0.76/month with LED fixtures. Please see the breakdown below:

Fixture	Fixture Charge	kWH Usage	Energy Charge@ \$0.0661/kWh	Fixture and Energy Charge
Hampton 175W MH	\$11.70	73	4.83	16.53
Hampton 80W LED	\$13.92	28	1.85	15.77

QUESTION #4: LED lights are universally understood to be more energy-efficient and to have dramatically longer useful life than their predecessors. Where and how are the long-term savings passed along - at least in part to us as the customer?

LEDs are much more energy efficient (as shown in the above table), and they are projected to have a longer life. However, they are more expensive. Therefore, the monthly fixture rental charge is more expensive. In some cases, the energy savings is enough to offset the extra cost (as in the case of your light), and in other cases it is not. LED prices are continuing to fall, and we expect the next rate study will have rates that reflect this trend.

QUESTION #5: Who should we contact to further explore [a purchase] option, and how soon might we be able to meet?

I will be glad to set-up a meeting to discuss this option. Prior to that, we need to do some internal analysis and have discussions with our accounting staff to help determine the current value of the lighting system installed within Plantation Lakes. Even a ballpark estimate will take some analysis, especially with regard to standard utility accounting practices. To date, no customer has purchased their existing outdoor lighting system from us, so there is no existing policy or procedure in place.

I would not recommend requesting LED change-outs per question 3 until a final decision is made on the purchase of the system because new LEDs will greatly increase the current value of the lighting system.

Please let me know how you would like to proceed. I estimate that we can meet in 2 to 3 weeks to discuss the purchase option.

Sincerely,
Carlita

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Plantation Lakes Aug 23rd reply to Santee Cooper's Aug 8th letter:

Ms. Goff,

Thanks for your substantive reply to our letter [of August 1st]. The info you provided was indeed helpful.

We agree with your suggestion that we defer a decision regarding LED change-outs until after our discussion with you and other appropriate Santee Cooper officials about assuming ownership of the lights and poles.

You suggested setting up a meeting, and indeed, we look forward to discussing this process! You mentioned needing several weeks to prepare. Therefore, would it be feasible to meet on September 9 or 10? We welcome your thoughts regarding a place and time.

In advance of that meeting, to help us assess what such a transition would entail and the costs of contracting ongoing maintenance, we ask that you provide the following:

1. The schematics—including the underground wiring—to control and power our existing poles and lights
2. Confirmation that Santee Cooper would allow us to continue using existing underground wiring

3. Confirmation that Santee Cooper owns the pedestals upon which the light poles are fastened.
4. Assuming we would need the outdoor lights metered, we understand we may need to install metered services with load center panels, perhaps on a pedestal at each applicable feeder section utility transformer. ***Please confirm the branch circuit feeds originate from associated utility transformers.***

Finally, please note that two addressees of your previous messages--Roger Elsasser and Matt McCormick, (past POA presidents)--no longer serve on our Board. However, Josh Chastain and Courtney Bergman are current members of our Board of Directors. Feel free to continue including them as info addressees of our correspondence.

We look forward to receiving the information requested above and your suggestion regarding a time and place to meet, as these are important steps in finding a mutually acceptable solution to this important matter.

Our Plantation Lakes Board of Directors has reviewed--and concurs with--this letter.

Santee Cooper's Aug 30th reply to Plantation Lakes' Aug 23rd letter

Hello,

Please find responses to your questions below.

“You suggested setting up a meeting, and indeed, we look forward to discussing this process! You mentioned needing several weeks to prepare. Therefore, would it be feasible to meet on September 9 or 10? We welcome your thoughts regarding a place and time.”

Normally, that would have been enough time. Our Accounting personnel are working on some critical items related to the state of South Carolina's Department of Administration, and it appears they will not be available to assist us with this initiative until late next week. It would be better to set up the meeting on or after September 16, 2019. However, as we get closer, we can adjust that date forward or backward as needed. I will update you closer to September 9th.

“In advance of that meeting, to help us assess what such a transition would entail and the costs of contracting ongoing maintenance, we ask that you provide the following:

“1. The schematics—including the underground wiring—to control and power our existing poles and lights”

Our GIS Dept. is developing a customized PDF map that would have just the information you would need for your analysis – basically our transformer locations, the light pole locations with pole numbers, and the #6 duplex wiring for the lighting circuits. Please give us a few more days to adjust this as necessary to make sure it is useful.

“2. Confirmation that Santee Cooper would allow us to continue using existing underground wiring.”

We will not just sell the lights. We will also sell you the #6 120V duplex underground wiring that serves the street lights. It will be yours to use as you see fit. The other primary wiring and the 120/240V triplex wiring will remain ours.

“3. Confirmation that Santee Cooper owns the pedestals upon which the light poles are fastened.”

We do own them at the present time, but they will be part of the sale.

“4. Assuming we would need the outdoor lights metered, we understand we may need to install metered services with load center panels, perhaps on a pedestal at each applicable feeder section utility transformer. *Please confirm the branch circuit feeds originate from associated utility transformers.*”

You will need the outdoor lights metered, and you will need to install metered services and approved disconnects. All lighting circuits originate from a transformer location or secondary pedestal location. It is at these head-end locations where you would need to install a meter and an approved NEC (National Electric Code) disconnect. After the meter and disconnect, all the facilities would be yours upon purchase, including the #6

duplex wiring, conduits, light bases, light poles with internal wiring, and light fixtures.

I would like to also advise that once you purchase the lighting system from Santee Cooper, it will be yours to fully maintain. Plantation Lakes will be responsible for all lighting maintenance, which includes the replacement of any bulbs that may stop working and poles, fixtures, or wiring that may need to be replaced.

Once I receive the customized map from our GIS Department and the information that we requested from our Accounting Department, I will be in touch to set up our meeting. Have a great Labor Day weekend!

Kind Regards,
Carlita

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