

**SANTEE COOPER AND HOA LIGHTING MEETING #3**  
**SANTEE COOPER'S HG AUDITORIUM**  
**THURSDAY, JANUARY 14, 2021**  
**1:00 P.M. – 3:00 P.M.**

At 1:03 P.M., Mr. Bryan Lewis, Director of Retail Customer Service at Santee Cooper, welcomed all attendees to the third HOA Lighting Meeting. Mr. Lewis explained that the intent of the meeting was a progress update to share where Santee Cooper was in the lighting process and to hear from the HOA representatives regarding their research and presentations. Mr. Lewis noted there were some new faces in the room, and he asked all attendees to introduce themselves. Attendees included the following:

**In-Person Attendees**

Mr. Bob Sweet – Carolina Forest – Plantation Lakes POA  
Mr. Doug Decker – Heritage Plantation HOA  
Mr. Jim Register – Willbrook Plantation HOA  
Mr. Shawn Sines – Carolina Forest Civic Organizations  
Mr. Tom Stickler – WNC POAs  
Ms. Patti Coblentz – Rose Run HOA  
Ms. Debra Shovlin – The Farm HOA  
Mrs. Carlita Goff – Santee Cooper, Sr. Manager Distribution Design  
Mr. Bryan Lewis – Santee Cooper, Director of Retail Customer Service

**Webex Dial-in Conference Call Attendees**

Mr. Mike Poston – Santee Cooper, Chief Customer Officer  
Mr. Mike Smith – Santee Cooper, Director of Budget and Pricing  
Ms. Yvette Rowland – Santee Cooper, Senior Liaison - State and Federal Government Relations  
Ms. Mollie Gore – Santee Cooper, Corporate Communications Director  
Ms. Paula G. Benson – Assistant Director of Research and Senior Staff Attorney – Senate Judiciary Committee  
Mr. Andy Fiffick – Chief of Staff - Senate Judiciary Committee

Carlita Goff provided progress updates on the following:

**Developer Options – Propose Shared Costs Between Santee Cooper and Developers**

Carlita advised that Santee Cooper has heard the HOAs' concerns regarding the fact that they have to live with the rental lights and poles that are selected by developers, and they have no input regarding the light and pole selection and the associated lease costs. Carlita informed the group that Santee Cooper is evaluating Developers' contributions for those who select the

Heritage Collection Premium Outdoor Lighting. When the subdivision lighting account is turned over to the HOA, this would help offset the HOAs' fixture and pole rental costs.

**Mr. Bob Sweet:** Shared that he and other HOA representatives are reaching out to current developers, providing information that will help them make decisions in the best interests of the HOAs that will be assuming ultimate responsibility for their outdoor lighting systems. He reminded the group that in a previous meeting, Senator Goldfinch and Representative McGinnis had also expressed a desire to help improve the information and options available to developers when making outdoor lighting decisions.

**Ms. Patti Coblentz:** Asked if painting was included in rental fees.

**Carlita Goff:** Advised that painting was included, and she would add Rose Run Subdivision to Santee Cooper's painting contractor's list.

#### **Working With Other Consortium HOAs**

Carlita advised that the Carolina Forest HOAs' inquiries generated questions from other HOAs. Carlita has been working with other local HOAs informing them about Santee Cooper's Outdoor Lighting Program and answering their questions regarding their monthly outdoor lighting bills.

#### **Website Content and Santee Cooper's Frequently Asked Questions (FAQ) List**

Carlita shared that Santee Cooper has enhanced the Outdoor Lighting content on its corporate web page with **Santee Cooper's Outdoor Lighting Program Information Sheet**, and we would be adding the FAQs to this page. The thought process was to have both Santee Cooper's Outdoor Lighting Program Information Sheet and the FAQs in one location where the HOA representatives could direct their members to this site for additional information regarding outdoor lighting questions.

Carlita verbally read the 10 FAQs and asked if there were any other questions that the HOA Presidents thought should be included in this list. There were several comments as to whether this information pertained to the handout given at the first HOA Meeting. Carlita responded that yes it did pertain to the 3-page document with comparisons to other utilities that was disseminated at the first HOA Meeting held October 14, 2020.

**Mr. Doug Decker:** The Santee Cooper Outdoor Lighting Frequently Asked Questions Item 1. The existing Agreement, (see attachment 1) item 6 TERM states "This agreement shall become effective on the date the lighting fixtures are first installed and operated and shall remain in effect for a period of either three (3) years and thereafter for High Intensity Discharge (HID) fixtures. Has the HID or HPS option been eliminated as an offering? **Are LED light fixtures with a term of 7-year commitment the only available option now? That would represent at 67%**

increase in the fixture costs from \$4.37 (per original fixture) to \$7.30 (per new fixture). The HOA pays these extra costs in perpetuity.

**Answer:** Yes, the LED light fixtures are the only option available, as Santee Cooper has fully migrated to LED fixtures only for both the Standard Outdoor Lighting and Heritage LED Collection Lighting.

**Ms. Patti Coblenz:** Inquired whether there was a cost for a new LED light.

**Carlita Goff:** Answered there was no upfront cost.

**Mr. Doug Decker:** Stated that Carlita's response was for the cost to install the light, but she did not mention that there would be an increased monthly rental fee for the light fixture.

**Comments from Mr. Doug Decker:** Mr. Decker asked the following questions:

- 1. Did Santee Cooper notify HOAs of the new policy of installing LED lights?**  
The answer was no.
- 2. Did Santee Cooper inform HOAs of the increased light intensity of the new LED bulbs?**  
The answer was no.
- 3. Did Santee Cooper inform HOAs that there would be an increase in their monthly fixture cost of \$2.93 per light (offsetting the reduction in utility cost)?**  
The answer was no.

**Carlita Goff:** With regard to Question 1 above, Santee Cooper migrated to newer LED technology starting back in 2015 and has begun to phase out its High Intensity Discharge (HID) lighting, which encompasses High Pressure Sodium (HPS) and Metal-Halide (MH) fixtures, over the last five years. For that reason, HPS and MH lighting are no longer available to our customers.

With regard to Question 2 above, the result of LED lighting is that it is a brighter, cleaner, crisper light that allows for better illumination. These lights were initially installed in 2015 as part of an LED Pilot Program with various municipalities so that Santee Cooper could gain experience with LED lighting technology in a controlled environment to monitor how the municipalities liked them and assess how well they performed and lasted in comparison to HID lighting. The lights were not free; Santee Cooper installed them as part of an experimental rate to gain experience with LED lighting. All municipalities that agreed to participate in the LED Pilot Program were charged the monthly experimental rate cost. Additionally, the residential LED lighting industry standard is the 4K light, which describes the light's color and temperature ratings. Santee Cooper is addressing the concerns voiced regarding the brightness and intensity of LED lights.

All of the questions referenced above have been covered in some capacity in the previous two meetings between Santee Cooper and the HOAs representatives, specifically in **Santee Cooper's Outdoor Lighting Program Information Sheet and Cost Comparison Table** and in **Santee Cooper's Frequently Asked Questions**, as well as in general discussion during the last three meetings. Both documents have been uploaded to Santee Cooper's website under Outdoor Lighting.

### **Evaluate Programs With a Maintenance Rate – Contributed Rate vs. Non-Contributed Rate**

Carlita explained that Santee Cooper's Internal Lighting Team had been working on evaluating a maintenance rate for the HOAs, but the rate needed to recover capital and maintenance costs, as well as costs to serve. Maintenance costs consist of bulb and photocell replacement, retrofit bulb replacement, painting, vandalism, etc. Capital costs cover fixture and pole replacements.

The **Contributed Rate** contract terms would allow for an upfront payment of the lighting system and then transitions to a maintenance rate thereafter. With the contributed rate, the HOAs would pay for any fixture and pole replacements, in the event they were damaged.

The **Non-Contributed Rate** is an installation where the utility bears the upfront cost of the installation and ongoing maintenance in exchange for a standard monthly rate for the fixture and the pole.

Discussion ensued regarding the above information and proposed rate.

**Mr. Bob Sweet:** Asked about a projected time frame for a draft of the new maintenance rate.

**Mr. Bryan Lewis:** Advised that this was a high priority for us. Bryan informed the group that Santee Cooper is looking at actual costs for repairs and replacements over the last 10 years to ensure that all costs are covered. This is a high priority for Santee Cooper, and we are stepping outside the box to find the best solution.

**Mr. Bob Sweet:** Mentioned the need to collaborate on a worksheet and to reach consensus, individually, on a three-step consecutive process consisting of the following:

- The overall process for determining expenses, debt servicing, and payoff of initial system cost.
- Agreement on estimate expenses and the time frame when Santee Cooper will have recouped initial costs.
- How and when to implement this plan.

### **Presentations (3) Conducted by HOA Representatives**

There were 3 presentations conducted by the following HOA Representatives:

- **Mr. Bob Sweet – Streetlights Annual Expenses and Debt Service Plantation Lakes POA**
- **Mr. Jeff Simpson – Santee Cooper Outdoor Rental Lighting Agreement Huntington Lake Villas Owners' Association**
- **Mr. Doug Decker – Streetlight Talking Paper Heritage Plantation HOA**

Mr. Decker forwarded the 3 Streetlight Talking Papers to Santee Cooper the week of the HOA Meeting for their consideration. Mr. Sweet presented his financial analysis, and Mr. Doug Decker presented Mr. Jeff Simpson's paper and his own paper.

Mr. Bob Sweet presented his **Streetlights Annual Expenses and Debt Service** financial breakdown and cost summary of the rental lights at Plantation Lakes based on 220 poles. Mr. Sweet advised that Plantation Lakes had paid an amount equal to their poles and fixtures twice, per the original value as provided by Santee Cooper of \$717,000. Mr. Sweet advised that based on annual expenses and debt service, that the recommended monthly payments for lease and energy costs should total **\$2,694**.

Mr. Sweet advised that the annual expenses are an attempt to provide generous, good faith estimates in each listed category. These figures can be refined should specific data be provided by Santee Cooper or other reliable sources.

**Ms. Debra Shovlin:** Stated that The Farm pays \$10.03 for their poles.

**Mr. Bob Sweet:** Advised that each pole and light fixture in Plantation Lakes cost \$34 per month to rent. Mr. Sweet shared that had their developer selected the same poles and lights as installed at The Farm, their POA would be spending \$64,000 less per year in lease costs.

**Carlita Goff:** Advised that The Farm had the 18' Fiberglass Poles with a rental fee of \$5.66 per pole per month, while Plantation Lakes had the 14' Atlantic Fluted poles from the decorative Heritage Collection, which are \$22.30 per pole per month.

**Mr. Bob Sweet:** Stated that the Plantation Lakes POA was subject to the leased lighting costs with no way out, and Santee Cooper needed to examine new approaches to lowering the rate. Mr. Sweet reiterated the need to reach consensus.

Mr. Doug Decker presented Jeff Simpson's Talking Paper on **Santee Cooper's Outdoor Rental Lighting Agreement**. In his talking paper, Mr. Simpson questioned Santee Cooper's monthly lease charge calculations (relevance of the 2015 rate study, relevancy of Capital Cost of wood poles for installation in HOAs, depreciation of assets, and possible calculation errors) and costs for conversion to LED fixtures stating that the customer is being charged a higher lease rate for

the LED fixtures. Mr. Simpson's position was that the majority of HOAs in Santee Cooper's service area are not interested in owning streetlights, however have been unfairly and without transparency, subjected to all terms of these contracts originally agreed to by Santee Cooper and the original property developers, when the developer turns the property over to the homeowners. Mr. Simpson believes that once the poles and fixtures are fully depreciated, the HOAs should be provided the option to continue with the contract "as is" or enter into a "Maintenance Agreement" with specific maintenance and replacement costs detailed, allowing the HOA the ability to manage expenses.

**Mr. Bryan Lewis:** Clarified that the 2015 study was the last formal rate study that had been completed by Santee Cooper. Rates have remained the same since April 2017 with a rate freeze in place until December 31, 2024.

**Comments from Jeffrey Simpson by Doug Decker: Comments from his January 3, 2021 Huntington Lakes Villas Report:**

- a. Conversion to LED Fixtures: Additionally, under the section titled "LED CONVERSIONS", the document states "In the case that an existing light fails, Santee Cooper will replace the light with its LED equivalent as part of the repair at no cost to the customer." This is not accurate, as customers are being charged a higher lease rate for that LED fixture.
- b. The Santee Cooper's Outdoor Rental Light Program Information (see attachment 3 of Mr. Simpson's report) LED Conversions: **In the case that an existing light fails, Santee Cooper will replace the light with its LED equivalent as part of the repair at no cost to the customer. There is an extra monthly charge for the LED light.**

Mr. Decker also presented his **Streetlight Talking Paper for Heritage Plantation POA**. In summary, Mr. Decker stated that Heritage Plantation has been subject to the Santee Cooper Outdoor Rental Lighting Agreement for over 25 years, and the original developer that contracted with Santee Cooper for several years before HOA members assumed control were not involved in the original decision, but bear the costs. Mr. Decker's other concerns were:

- 1) Heritage Plantation believes the HOA has been overcharged, since rental fees have not decreased. The HOA wants a more equitable arrangement.
- 2) No choice except LED lighting when fixtures have to be replaced.
- 3) Energy use charges decrease by nearly two-thirds, but the total utility charges increase because the LED fixture is more expensive.
- 4) Proposed maintenance-based agreement with a significantly reduced monthly rental rate. A fixed charge schedule for maintenance and repair should be established for ongoing needs past the initial term or "warranty period". LED lights' 100,000-hour life span should be factored into calculating the maintenance cost.

Mr. Decker's proposed recommendations include:

- 1) Once the cost of installing the LED lights is recovered, rental charges should be reduced to cover only maintenance costs. With LED lights having a life span of 100,000 hours, the service costs should be significantly less.
- 2) With proper pre-planning, LED lights should be installed uniformly throughout the community within a shorter time period instead of 50 lights per year.
- 3) The selected LED lights should be reduced in intensity.

**Mr. Doug Decker:** Asked if Santee Cooper had notified the other HOAs that we had replaced their existing lights with LEDs. Mr. Decker then went on to share that the City of Charleston had changed out over 2000 LEDs and that Santee Cooper should gear up for a larger change-out, that our current lighting arrangement doesn't pass a reasonability test, and that we should make things easier for the HOAs. Mr. Decker further advised that he did not think it was reasonable to limit replacement to only 50 lights per year.

**Comments Mr. Doug Decker: Demonstrated how The Reserve HOA, which is not an outdoor lighting customer of Santee Cooper, upgraded their lights to LED without an expensive complete fixture replacement.** These fixtures utilized standard off the shelf LED lights. This would significantly reduce the fixture cost.



The picture shown above was shared with the Streetlight Committee via a cell phone picture.

**Mr. Bryan Lewis:** Advised the group that the 50 lights limit was purely a guideline to help manage the influx of light change-out requests due to workforce limitations.

**Mr. Doug Decker:** Provided a copy of an article on the City of Loris LED Pilot Program dated July 13, 2015. There was discussion on the article and the savings mentioned. However, after researching the article, it was determined that the information in the article was not fully accurate. Carlita will follow up with specific details regarding the article and the LED Pilot Program.

**Mr. Doug Decker:** Voiced concerns about the brightness of the current 70W LED lights stating that they were too bright and illuminated two rooms in his home and in several other residents' homes.

**Mr. Bryan Lewis:** Asked Mr. Decker if he ever e-mailed us the locations of those lights that were too bright in Heritage Plantation.

**Mr. Decker:** Responded no he had not.

**Carlita Goff:** Advised that she had e-mailed Mr. Decker asking for these locations where the lights were too bright, and she had not received a response. Carlita stated that the 70W LEDs are a brighter, cleaner, more efficient light, so they are a little brighter. Carlita also shared that Santee Cooper is looking at a 40W or 50W LED fixture with a lower brightness and intensity, as well as a lower cost to use in addition to the 70W LED fixture. Santee Cooper wants to install some sample lights to test to ensure that the HOA is satisfied with the lower wattage fixtures.

**Mr. Doug Decker:** Why is there a \$30 charge to convert to LED fixtures? Would the charge be waived if the whole subdivision was converted to LEDs because of the quantity being converted?

**Mr. James Register:** Also questioned the \$30 charge and mentioned that HPS bulbs have a very long life span.

**Carlita Goff:** Responded that the \$30 charge is a minimal cost to cover traveling to the job site and to replace a still-working High Pressure Sodium (HPS) or Metal-Halide (MH) fixtures with an LED fixture. Santee Cooper also has to dispose of the fixtures that are removed. Waiving the \$30 fee could be discussed with upper management.

**Mr. Tom Stickler:** Shared that manufacturers make an LED bulb that could just replace an HPS or MH bulb.

**Carlita Goff:** Responded that Santee Cooper had some fixtures that had to be replaced because the bulb would not fit in the fixture; some fixtures had to be rewired to bypass the ballast tray, but we recently added a retrofit bulb from Howard that can be used for some fixtures.

**Mr. Bob Sweet:** Reminded the group that Senators Goldfinch, Rankin, and Representative McGinnis are following our discussions, with the desire that we reach a mutually acceptable agreement. Furthermore, Rep McGinnis is seeking an appropriate third-party to independently evaluate the Annual Expenses and Debt Service Worksheet being proposed.

**Mr. James Register:** Shared that he represented Willbrook Plantation, which was originally developed in phases from 1983 to 1989. Mr. Register advised that he was not looking for charity or a free ride. Mr. Register stated that if something breaks, Willbrook Plantation will pay for it. Mr. Register advised that Willbrook Plantation is willing to pay a la carte to maintain their streetlights.

**Mr. Bob Sweet:** Stated that removing streetlights is not an option, but we must reduce the onerous lease payments. Mr. Sweet stated that installing junction boxes with meters is also not a viable solution.

**Mr. James Register:** Advised that Willbrook Plantation wants to end the endless stream of lease payments. Mr. Register mentioned determining how much money has been invested in Willbrook Plantation's three accounts. If Santee Cooper still hasn't recovered their costs, Willbrook Plantation will pay what's left. Following that, Santee Cooper should terminate the lease payments.

**Mr. Shawn Sines:** Represents the Board of Carolina Forest Civic Organizations. Mr. Sines inquired as to how fast can we make a change, and will it be on a case-by-case basis?

**Carlita Goff:** Advised that these changes would take time and had to go through normal review processes to be approved and would apply to all HOAs.

**Mr. Mike Smith:** Reiterated that Santee Cooper is a non-profit organization, and there is a flat rate for lighting. Mike stated that Santee Cooper's lighting program is not set up to make money and that we will look at processes. Mike provided the following additional comments regarding lighting rates:

1. The rate is designed to recover fairly allocated total system costs using indicative pricing based on a simple, industry standard lease rate estimate and energy charge.
2. The costs that are covered by the rate are the lighting customers' portion of the fairly allocated costs of service for the entire Santee Cooper system, (i.e. generating stations,

transmission and distribution grids and other components needed to deliver power to the lights), based on how much of the system these customers use.

3. These costs of service are ongoing, will continue to be ongoing, and are not impacted by how long a customer has been on the system or how long they have been paying OL rates.
4. If lighting customers' rates are reduced such that they do not cover their fairly allocated ongoing costs of service, then the "non-covered" costs will have to be paid (subsidized) by other customer classes.

**Note:** Santee Cooper is developing a one to two-page White Paper on Ratemaking to specifically address the above Items 1 through 4. This White Paper will also address Mr. Sweet's Streetlights Annual Expenses and Debt Services Paper.

**Mr. James Register:** Stated that the fees portion (lease payments) of the bill is the reason why we are here.

**Mr. Mike Smith:** Advised that the fees were designed under the construct of a leasing program.

**Mr. James Register:** Suggested looking at the quotient of the total number of lights divided by the total amount paid.

**Mr. Mike Smith:** Informed the group that the ratemaking process is very public and has a comment period; the existing rate structure was presented to industrial customers, commercial customers, and the Residential Advisory Council prior to Board approval and implementation.

**Mr. Doug Decker:** Was of the opinion that the rate may have been presented to the Residential Advisory Council, but they didn't actually examine it. Mr. Decker inquired about definitive timelines.

**Mr. Bryan Lewis:** Bryan reminded the group that leased lighting was a standard practice across the industry, and Santee Cooper's program follows that model, but we are looking at a different process in an effort to support the HOAs and address their concerns.

**Mr. James Register:** Asked that a notification date or progress date be set.

**Mr. Bob Sweet:** Suggested setting a meeting date for 2 months from now to ensure that things get done.

**Mr. Bryan Lewis:** Advised that the Santee Cooper Internal Lighting Team would establish a timeline for putting together a solution. Bryan stated that if Santee Cooper had significant progress to report, we would let them know via e-mail or an in-person meeting.

All were agreeable to these terms. HOA Lighting Meeting #3 adjourned at approximately 4:00 P.M.

Submitted by,

*Carlita Goff*

Carlita Goff, P.E.  
Santee Cooper