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April 6, 2017

Mr. Leighton Lord  
Chairman, Board of Directors  
Santee Cooper  
1230 Main Street, Suite 700  
Columbia, SC 29201

Dear Leighton:

The magnitude of the current nuclear construction challenge has led the Central Electric Power Cooperative Board of Trustees to affirm its position as to the cooperative's relationship with Santee Cooper, and I have committed it to writing for the meeting of the Executive Committee of the Coordination Agreement to be held on April 7, 2017. I will ask that this letter be made a part of the committee meeting minutes.

Despite the frequent characterization of electric cooperatives and Santee Cooper as partners, the contractually accurate description of the role of electric cooperatives—more specifically, Central—is customer. The cooperatives cannot achieve a solution to the nuclear construction challenge for Santee Cooper. As customers, however, the cooperatives' have a keen interest in the choices you make. Your choices drive our future choices. Therefore, the cooperatives' keen interest causes us to insist upon:

1. Transparency regarding information from courts, contractors, subcontractors and owners and the removal of confidentiality requirements where possible. Such transparency should be provided in real or close-to-real time.
2. A meaningful opportunity to exercise customer choice. Just because co-ops have been on the phone or in briefings does not mean co-ops agree until co-ops have exercised the same formality of choice in the boardroom that Santee Cooper's board will insist upon and that the law requires of Santee Cooper.
3. A meaningful opportunity for Central and its member-cooperatives to consider data, ask for amplification or explanation, and to derive consensus among Central's members. Any alternative presented for consideration to Central by Santee Cooper merits a product description and must include a price tag. In other words, each alternative must include a detailed scope, a valid schedule and a justifiable cost.

This investment is so large, the questions are so complex, and the opportunities are so vast that co-ops and Santee Cooper should strive to get to collaboration for defining a range of options as soon as possible.

The cooperatives are prepared to accept the fixed-price option as approved by the PSC on November 28, 2016. Santee Cooper should presume, however, that we are not yet comfortable with any modifications or a reliance on promises of damage recovery which erode the benefits achieved with that contract amendment. The 30- to 90-day due-diligence period identified by SCE&G/Santee Cooper and the contractors represents, in effect, the cooperatives' willingness to invest up to \$175 million in determining the best path forward—including issues such as:

- a. Two units, one unit, no units completed
  - b. Same or different owners and/or ownership interests
  - c. The possible, tremendous opportunity to use this challenge to redefine the Santee Cooper/electric cooperatives relationship, and a chance to redefine a good chunk of the state's economic future.
4. In the three points above, we seek from Santee Cooper a good-faith effort that matches the magnitude of this challenge.

With the preceding candid requests, I also offer a couple of assurances.

I pledge that the cooperatives won't look back during this process to ascribe fault or to engage in an aimless series of what-ifs.

I also pledge that the cooperatives will measure every day the success of our effort to reach openness and fruitful collaboration—and will measure it in large part by the good-faith effort applied.

Sincerely,



Lawrence J. Hinz  
Chairman, Board of Trustees

cc: Robert C. Hochstetler  
Charles E. Dalton  
James L. Rowe  
Barry Wynn

Lonnie Carter  
James P. Howle  
Peggy Pinnell  
Cal Land

Douglas A. Reeves  
William Finn