

FAQ's
Regarding how to remedy
Santee Cooper's flawed policy
For leasing outdoor lights to HOAs
(Updated: Sep 25, 2020)

1 Q: What's this I hear about homeowner associations (HOAs) being overcharged for their outdoor lights leased from Santee Cooper?

A: An unfair policy affecting thousands of Santee Cooper customers is currently being implemented by Santee Cooper.

2 Q: What makes it unfair?

A: Although technically "legal", (since there are two ways for communities to opt out of the contract), it's **unfair** because these two ways are totally impractical. Although numerous communities wish to get out of unending high lease costs, **none** are known to have opted for the only ways allowed by this contract.

3 Q: So, what makes these options so prohibitive?

A: If communities have fulfilled their initial contract period (typically three or five years), they can: (Option 1): terminate the contract by giving 30-days' notice, at which time Santee Cooper will come and remove all of their perfectly good lights and poles. The community is then burdened with replacing their outdoor lighting system for hundreds of thousands of dollars.

(Option 2): Santee Cooper will replace existing lights with less expensive ones, thereby slightly reducing monthly lease costs, **but** obligating the community to new 5 to 7-year contracts, **and** they only agree to replace 50 poles a year, thus requiring communities to have dissimilar lights and poles for 3-5 years...stretching out new contracts for this additional period as well! Since no community considers these options viable, the only **existing** alternative: continue their never-ending lease arrangement.

4 Q: What **is** this "contract" you refer to? Is it available for public review?

A: The contract is titled "South Carolina Public Service Authority (Santee Cooper) Private Outdoor Lighting Services, Schedule OL-17". This 8-page document, which includes Exhibits A & B, is their binding agreement with virtually all HOAs for whom they provide electricity.

5 Q: Won't Santee Cooper agree to transfer ownership of a community's outdoor lights to them after lease payments have more than paid for the system?

A: Okay, this is the worst part...As of Sep 2020, NO! One community--Plantation Lakes in Carolina Forest—asked to do just that. They've paid more than \$1.4 million over the past 18 years for a system costing \$718K, but were informed by Santee Cooper that a little-known SC State Code (Section 58-31-75) prohibits transfer of viable assets to a private entity without a vote of the full legislative assembly. UPDATE: In Sep 2020, Santee Cooper stated they now

have a new interpretation regarding what's permissible under the State Code and are willing to discuss this with HOA representatives and SC legislatures who've been inquiring on behalf of their constituents. ***A possibility exists for real progress on this matter...Stay tuned!***

6 Q: So what can be done to assure communities get a fair deal?

A: Glad you asked! ***Should a legislative solution be necessary***, District 56 Representative Tim McGinnis has drafted a House bill that:

- a. Enables Santee Cooper to transfer ownership to HOAs if the communities so request
- b. Establishes a benchmark for total lease payments, above which ownership transfer may occur.
- c. Assures that a date certain would be identified beyond which a substantial portion of lease payments by HOAs would be returned to them in the form of electrical credits.
- d. Stipulates that—at time of ownership transfer—an electrical inspection will be accomplished. *Santee Cooper would be responsible for rectifying, **at their expense**, anything not found to meet U.S. Electrical Code standards.*

7 Q: The Legislature's currently embroiled in deciding whether or not to sell Santee Cooper! Wouldn't it be best to wait until AFTER that decision to address this important matter?

A: NOW is the time to act on this measure because:

- a. The decision on Santee Cooper's future is a complex one that needs to be carefully deliberated and will almost certainly be deferred until next year, which is a good thing, because...
- b. ***All*** parties—the legislature ***and*** potential suitors—need to have ***all*** the facts laid out in order to accurately assess Santee Cooper's true status.
- c. ***Before*** reaching decisions, they need to be aware of a flawed policy that disadvantages thousands of Santee Cooper customers and be assured it is remedied in a responsible manner. Only then can the people of South Carolina know that their legislators are applying due diligence to reach important decisions that take ***all*** factors into consideration!