

February 21, 2018

His Excellency Henry D. McMaster  
South Carolina Governor  
1100 Gervais Street  
Columbia, South Carolina 29201

Dear Governor McMaster,

Thank you for your courtesies yesterday to Santee Cooper Board members David Singleton, Dan Ray, Steve Mudge, and me, as well as interim CEO Jim Brogdon and general counsel Mike Baxley, in meeting to discuss preservation of equipment and commodities at the VC Summer nuclear construction site. We are grateful for the time and perspective you provided on this critical issue, and also appreciate your including Senator Davis and Senator Fanning in the meeting.

As a result of our discussion with you, our Board will meet on Friday and instruct Santee Cooper management to conclude the forbearance agreement with SCANA as quickly as possible, at the latest within the next three weeks. Simultaneously, staff will be instructed to mobilize with Fluor to finalize and implement a Maintenance, Preservation and Documentation action plan, at the Phase One level, to protect equipment at the site. The costs of this effort, approximately \$8 million per six month period, plus an additional \$3 million annually if Santee Cooper renews the two warehouse leases and provides needed insurance coverages, will be borne by Santee Cooper. With respect to your written comments by February 12 letter concerning an immediate intervention by Santee Cooper at the PSC to accomplish this objective, we have together agreed to hold that effort in abeyance while the efficacy of the path forward detailed above is assessed.

Two other matters were discussed in our meeting. You began with a request that Santee Cooper work cooperatively with Century Aluminum to reach new service contract terms for the Mt. Holly smelter. Later in the day, we received a comprehensive data request from Century through your senior aide Thomas Limehouse. Century's ultimate request that the company be allowed to receive all of its power from off-system resources is a substantial departure from current state law, and that approach has been specifically rejected by both the state legislature and the federal courts. Our communications with Century remain ongoing, and we are attempting to respond to the

data request. We welcome the opportunity to discuss this further with you at your convenience.

Finally, you expressed a concern that the presence of contract lobbyists as part of the Santee Cooper legislative relations team sends a message that we are working to defeat your proposals on the future of Santee Cooper. Your comments are taken very seriously by our Board and management. Consistent with initial instructions to all legislative relations personnel, in light of your concerns expressed yesterday, we have again reiterated to our legislative relations team that they are there to facilitate communications and provide information. It is not within their authority nor appropriate to oppose your efforts and initiatives. The Board intends to see that these restrictions are followed.

Thank you again for participating in the meeting yesterday, and we hope for future similar opportunities as we go forward together on the many issues that face us.

Sincerely,

A handwritten signature in black ink, appearing to read "William A. Finn". The signature is fluid and cursive, with a long horizontal stroke at the end.

William "Bill" A. Finn  
Acting Chairman

cc: Thomas A. Limehouse, Jr.