

September 21, 2016

Horry County School District
1160 E. Highway 501
Conway, SC 29526

To: Mark Wolfe, Executive Director of Facilities

Re: Horry County School Net Positive School Projects

Santee Cooper has reviewed Keith G. Pehl's (Optima Engineering) letter dated August 31, 2016 (revision 2) which outlines Horry County School District's proposed system design for its Net Positive School Projects ("the Project"). Now that Santee Cooper has a proper understanding of the proposed system design, Santee Cooper has determined it can accommodate your request for two separate systems with two separate interconnections via our Distributed Generation Rider (DG-16) and a Purchase Power Agreement (PPA"). As stated in our August 1, 2016 letter, Santee Cooper will purchase excess power under the PPA at our avoided cost.

Santee Cooper recognizes that the Horry County School District's goal is to develop three net positive schools within our service territory. The Distributed Generation Rider (DG-16) was designed to encourage our customers to pursue the most economical option which is to size their generation according to their energy demand. However, we understand the projects' goal is solely to achieve net positive status. To do that, a separate system with a PPA will be required in addition to a system interconnected on the Distributed Generation Rider (DG-16), as you proposed.

Please be advised that there may be additional equipment and construction costs associated with the requested system design at each of the Project locations. Santee Cooper is conducting a financial analysis of these costs and will let you know the outcome as soon as it is available. Additionally, a PPA for the Horry County School District Projects is being drafted and will be available for your review in the coming months.

We look forward to working with you on the Projects. If you have any questions, please feel free to contact me.

With best regards,
Pamela J Wrenn, CEM
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