

October 23, 2016

Santee Cooper Board Members:

I would like to give the Board of Santee Cooper a status report of the 8 kW DC residential solar system that I installed this past summer. When you adopted a new residential solar program this past Spring, I was very excited about it. I worked with Herman Holmes at Santee Cooper to make sure that I understood the new program before I entered into a contract with Southern Current (a Charleston based solar company). Using key assumptions that Mr. Holmes communicated to me, the payback was going to be 11.2 years despite the standby charges and the extra metering cost. Although, not close to either Duke's or SCE&G's payback, or a great investment, it was good enough knowing that I would be doing my small part in saving the planet for my kids and grandkids. After I received my first bill, I was surprised to find out that there were major differences in my assumptions and what the bill reflected.

I was told by Mr. Holmes that as long as I didn't produce more in one month than I consumed, my utilization would be reduced by what I produced. For example, if I produced 1,000 kWh and used 1,300 kWh, my bill would be 300 kWh times the current kWh rate (10cents - 12 cents based on the season). Knowing this I designed a system that would produce no more than I could use in any one month. I did not want to sell it back to Santee Cooper at the 3.8 cents/kWh (for 3 years this rate will be 6.8 cents) because it significantly reduced the payback. I projected that I would produce about 40% -50% of what I use on an annual basis. What happened on my first bill was that 40% of what I generated was sold back to Santee Cooper at the 3.8 cents. What happens is that at any moment I produce more than I am using, the main meter stops and a second meter keeps track of the amount I am sending back to Santee Cooper.

Another key mistake I made in my financial analysis was that I was not aware that the \$5,200 rebate would be reported to the IRS as income. This also significantly reduced the payback. It never occurred to me that this rebate would be taxable but I am sure your tax lawyers have opined on this issue. Shame on me for not picking up on this but Santee Cooper should give any potential residential solar customer a heads up on this issue.

~~Because of these two assumption errors, the payback went from 11.2 years to 18.5 years. 18.5 years is totally unacceptable as a payback.~~

I am writing to you, not to whine (all right maybe a little), but to make sure you are aware that Santee Cooper's new residential solar policy is dead on arrival. If the Board's intent was to approve a policy that will give you political cover without actually promoting residential solar, you have succeeded. In reviewing the background of the Board members, I can't believe this is the case. My understanding is that Board members are not paid and volunteer their valuable time with the goal of making Santee Cooper a strategic asset for the State. I applaud you for being a Board member but I think management has misrepresented their solar program to you.

As a Board member, I would also worry about representing a residential solar system as "a great investment in your home", something Santee Cooper does in the promotional literature. In fact you may want future solar customers to sign a waiver as to any representation Santee

Cooper makes relative to it being a great investment. In six months I will be very interested in how many new installations you have because of the revised policy. I predict it will be very few, if any, which probably is exactly what management wanted.

As appointees of the Governor who has publicly stated her support for increasing South Carolina's solar capacity, I would hope that you push Santee Cooper's management to lead the State in promoting residential solar instead of fighting it every step of the way. Please have management reconsider Santee Cooper's current residential solar policy - adopt a true net metering program and eliminate the standby charge.

Thank you for your consideration.



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