



HENRY McMASTER
GOVERNOR

September 16, 2018

James E. Brogdon, Jr., Esquire
Interim President and Chief Executive Officer
South Carolina Public Service Authority
Post Office Box 2946101
Moncks Corner, South Carolina 29461-2901

Dear Judge Brogdon:

Thank you for taking the time to speak with me again this afternoon regarding the impact of ongoing weather events on the South Carolina Public Service Authority's ("Santee Cooper") operations and facilities.

As we discussed, I am seriously concerned about the structural integrity of the coal ash ponds adjacent to Santee Cooper's decommissioned Grainger Generating Station ("GGS") and the environmental risks associated with anticipated river flooding. Accordingly, this letter will confirm my request that Santee Cooper act immediately and take all appropriate measures to protect the environment, to include placing large sandbags on the dikes surrounding the GGS ash ponds to prevent breaches, overtopping, or other failures. By copy of this letter to the Board of Directors, I am advising them of the foregoing concerns and directing them to act forthwith to address the same and avoid any risk that water, ash, or sediment is released from the GGS ash ponds.

Please keep me informed of your progress. Should you have any questions or concerns, or if I can be of assistance in any way, please do not hesitate to call. I look forward to your prompt attention to this important matter.

Yours very truly,

A handwritten signature in blue ink, reading "Henry McMaster", is written over a light blue circular background.

Henry McMaster

HM/tl

cc: Board of Directors of Santee Cooper
c/o Elizabeth Henry Warner, Esquire, Corporate Secretary



James E. Brogdon, Jr.
Interim President and
Chief Executive Officer
(843) 761-7039

Fax: (843) 761-7037
jim.brogdon@santeecooper.com

September 17, 2018

Via Email and US Mail

The Honorable Henry D. McMaster
Governor of South Carolina
1100 Gervais Street
Columbia, South Carolina 29201

Re: Grainger Ash Ponds

Dear Governor McMaster:

We are in receipt of your letter dated September 16 expressing concern over the Grainger Generating Station coal ash ponds located adjacent to the Waccamaw River in Conway, South Carolina. We appreciate your recognition of the extreme challenges to our system presented by Hurricane Florence, and Santee Cooper's successful response thus far. We are pleased to have reduced direct-serve customer outages from 50,310 to less than 1,000 within 24 hours of commencing restoration efforts, as well as restored all transmission delivery points within one third of that time frame.

Your letter directed Santee Cooper to take all appropriate measures to protect the environment, to include placing large sandbags on the dikes surrounding the GGS ash ponds to prevent breaches, overtopping, or other failures. By way of history, rather than cap, vault, and leave in place the two 40-acre ponds at Grainger, containing an estimated 1.6 million tons of coal ash, Santee Cooper committed in 2013 to remove all of the ash and beneficially re-use as much as possible as an ingredient in concrete and cement mix. Working with in-state batch plants, a program was developed to remove all of the ash by 2023. After flooding from Hurricane Matthew in 2016, which did not overtop the dikes surrounding the ash ponds and was the record flood stage for the Waccamaw River, the removal process was substantially accelerated with a goal of completing removal in 2019. Ash Pond 1 has been substantially emptied with a minimal amount of ash remaining in the pond and small amounts of ash remaining along several sections of dike in order to maintain dike integrity; Ash Pond 2 contains approximately 200,000 tons located in its southwestern quadrant farthest away from the river.

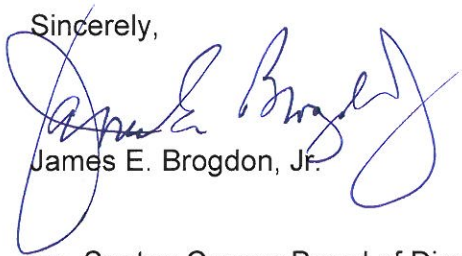
Your letter arrived during a telephone conference between SCDOT officials, Santee Cooper executives, and the ash ponds management team. In that conversation, we were learning for the first time the full extent of SCDOT's plan, in an apparent effort to maintain the continued use of Highway 501 during high water, to substantially constrict the flow of the Waccamaw by placing flood barriers on both sides of the causeway, increasing the height of the roadway by three to four feet. This is at a location immediately downstream of the ash ponds, and could have the impact of backing up river water into the ponds, overtopping the dikes, potentially creating water dynamics and stream speeds that may compromise dike structure and cause sediment disturbance, and creating the possibility of ash backflow into the Conway community.

We have been evaluating our preparation options as a result of the SCDOT work and are grateful for your offer of assistance. Because the height of the ash pond dikes is basically the same as the height of US Highway 501 prior to any enhancement, we ask as chief executive of the State of South Carolina you direct SCDOT and any other state resources available, in conjunction with Santee Cooper resources and leadership, to undertake to increase the height of Santee Cooper's 7300 feet of Ash Pond 2 dikes in the same amount. This will of necessity be a delicate operation, as the dikes may not permit the heavy equipment used to place the highway enhancements.

Santee Cooper has a plan in place and is already undertaking to maintain dike stability and strength, as well as respond to any dike breaches that may occur, and to the best of our ability maintain the integrity of the ash ponds in the coming flood waters. We have crews already working around the clock towards the goal of protecting the ash ponds and surrounding environment in these difficult circumstances.

Thank you again for your offer of assistance and your attention to this urgent matter. We stand ready to provide additional information, undertake further discussions, or meet at the location with appropriate logistics personnel and engineers at any time with you, your SCDOT team, other state resources, or interested stakeholders.

Sincerely,

A handwritten signature in blue ink, appearing to read "James E. Brogdon, Jr.", is written over the typed name.

James E. Brogdon, Jr.

cc: Santee Cooper Board of Directors



HENRY McMASTER
GOVERNOR

September 17, 2018

James E. Brogdon, Jr., Esquire
Interim President and Chief Executive Officer
South Carolina Public Service Authority
Post Office Box 2946101
Moncks Corner, South Carolina 29461-2901

Dear Judge Brogdon:

Thank you for your response to my September 16, 2018 letter, in which I reiterated my significant concerns regarding the risks associated with anticipated river flooding and the coal ash ponds adjacent to the decommissioned Grainger Generating Station ("GGS").

As I noted yesterday, the South Carolina Public Service Authority ("Santee Cooper") must act immediately to prevent the dikes surrounding the GGS ash ponds from overtopping, breaching, or otherwise failing during the river flooding expected over the next several days. However, based on our recent conversations and the information provided to date, it appears that Santee Cooper has not developed or implemented the requisite plans—and does not have the necessary assets on hand—to ensure the structural integrity of the coal ash ponds. Accordingly, I have asked the Adjutant General to make the full force of the S.C. National Guard ("SCNG") and the S.C. Emergency Management Division ("EMD") available to help Santee Cooper and to coordinate additional assistance from other state agencies. While such aid should not come at the expense of other critical storm-related missions, any available state resources should be brought to bear on this important and time-sensitive problem. As you know, General Livingston and Secretary Hall of the S.C. Department of Transportation ("DOT")—along with Acting Director David Wilson of the S.C. Department of Health and Environmental Control—promptly made themselves and their respective agencies available to you and your team at Santee Cooper, and the SCNG and the DOT are already on-site at GGS.

We must work together to protect the people of South Carolina and our shared natural resources. Our precious environment should not be subjected to a "wait-and-see" approach; rather, Santee Cooper should take all appropriate measures to effectively mitigate the risks associated with the GGS ash ponds. Any scenario in which coal ash, sediment, or contaminated water is released from the GGS ash ponds is simply unacceptable.

James E. Brogdon, Jr., Esquire

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The fact Santee Cooper finds itself in this situation is troubling in many respects; however, now is not the time to assign blame. There will be ample opportunity in the future to analyze Santee Cooper's level of preparedness, but Santee Cooper must act now to address the foregoing concerns. The State of South Carolina stands ready to assist in this most important endeavor.

Once again, please keep me informed of your progress. Should you have any questions or concerns, or if I can be of any further assistance, please do not hesitate to call.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Henry McMaster", with a stylized, cursive script.

Henry McMaster

HM/tl

cc: South Carolina Public Service Authority Board of Directors
c/o Elizabeth Henry Warner, Esquire, Corporate Secretary



James E. Brogdon, Jr.
Interim President and
Chief Executive Officer
(843) 761-7039

Fax: (843) 761-7037
jim.brogdon@santeecooper.com

September 18, 2018

Via Email and US Mail

The Honorable Henry D. McMaster
Governor of South Carolina
1100 Gervais Street
Columbia, South Carolina 29201

Re: Grainger Ash Ponds

Dear Governor McMaster:

Thank you for the attention you continue to devote to Santee Cooper and the flooding situation that is developing on the Waccamaw River. As there are so many other areas in South Carolina that were devastated by Hurricane Florence, we are encouraged by the prompt level of support we continue to receive from your Office and the State as a whole. While we respectfully disagree with your characterization of Santee Cooper's level of preparedness and planning, we are greatly appreciative of your pledge for the use of State resources to address this fluid situation at the former Grainger Generating Station site.

As you referenced, the 3-hour long, on-site meeting with some of the leading South Carolina state engineers assisting in the flooding efforts, in conjunction with our own subject matter experts, was extremely productive yesterday. I am told that the SCEMD, SCDOT, National Guard, SCDHEC and others considered numerous mitigation options based on our drawings and site reconnaissance. These options, including but not limited to, sandbagging, HESCO baskets (similar to those being used on the HWY 501 project), geomembrane covers, etc. were all discussed in great detail and eliminated in a systematic manner due to various site-specific constraints existing at Grainger. The site presents unique logistical challenges. In considering options, we also need manage the risk that mitigation efforts on the front end could lead to greater ash transport issues if there were an overtopping or breach. The greatest obstacle, which makes this project unlike many typical sandbagging efforts, is the narrow work space of only 10 to 12 foot dike width across the top of the nearly 6,000LF perimeter of Ash Pond 2.

Fortunately, this group of experts in their field did arrive at a consensus mitigation option that could reduce the release of coal ash in an overtopping situation. Installation of nearly 6,000 linear feet of double-row, reinforced, silt fence on top of the Ash Pond 2 dikes began last night and is expected to be completed today. This silt fence will totally encompass the perimeter of the most critical area on the site.

We also continue to engage in all of the efforts to maintain dike stability which have been previously communicated to you. We are very fortunate that the decision was made by our Board and Management after Hurricane Matthew to expedite removal of the impounded coal ash nearly five (5) years ahead of the 2023 schedule agreed upon with the environmental community and SCDHEC. This decision will certainly help us minimize the extent of environmental damage in the event of a release caused by this impending flood.

As upstream drainage basins exceed capacity, reports of dam/dike failures, potential releases, and overtopping scenarios continue to come in and we all have to recognize that our site is at the end of the discharge point for trillions of water gallons. It is evident that Hurricane Florence impacts will be measured well above the design standards for an event that is expected to occur once every 1,000 years. Let me be clear, if the current river level projections are correct, Santee Cooper's dikes at the former Grainger Station will be subject to overtopping. Overtopping does not necessarily mean that the dikes will breach or that significant quantities of ash will be released, but it increases the risk of a breach or release.

In light of yesterday's developments, coupled with our own internal contingency planning, and as we continue to prepare, I believe that Santee Cooper is as ready as possible to respond to a dike overtopping or dike breach scenario. This assessment is confirmed by the fact that our sister State agencies, which specialize in disaster preparedness, response, and recovery, identified only one practical additional mitigation option and that option has been implemented.

Thank you again for providing your best, professional minds to help us devise a plan to mitigate any release from the ash ponds and for your continuing offer of assistance.

Sincerely,



James E. Brogdon, Jr.

cc: Santee Cooper Board of Directors