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December 20, 2021

Via Email Only

Board of Trustees
Lynches River Electric Cooperative, Inc.
c/o Brian Broughton
707 South Arant Street
Pageland, SC 29728
Brian.broughton@lynchesriver.com

RE: Electric Cooperative 2021 Compliance Examination in Accordance with S.C. Code Ann. § 33-49-150(A)

Dear Members of the Board:

In accordance with S.C. Code Ann. § 33-49-150(A), the South Carolina Office of Regulatory Staff ("ORS") has conducted its examination of Lynches River Electric Cooperative, Inc. ("the Cooperative"), pursuant to the provisions of Act 56 which was enacted in 2019, relating to compliance with the provisions of the Act.

ORS conducted its examination in accordance with amended Section 58-4-50. Sections of the Act covered by our examination are listed as follows:

- 33-49-255 - Restrictions on Interruption of Electric Service to Residential Customers for Nonpayment of Bill; Exceptions and Complaints
- 33-49-280 - Bylaws
- 33-49-420 - Meetings
- 33-49-430 - Quorum
- 33-49-440 - Voting
- 33-49-450 - Disposition of Propositions Presented by Not Less Than Ten Percent of Members
- 33-49-610 - Trustees
- 33-49-615 - Disclosure of Compensation and Benefits
- 33-49-620 - Voting Districts for Trustees and For Delegates
- 33-49-625 - Notice, Votes, and Minutes
- 33-49-630 - Compensation or Employment of Trustee; Actions and Conduct Prohibited
- 33-49-640 - Annual Election and Term of Trustees
- 33-49-645 - Conduct of Elections
- 33-49-1420 - Termination Procedures; Contents

Accordingly, the timing and extent of our tests were conducted as follows:

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- (1) The examination involved testing compliance with the sections of Act 56 listed above, for the period from the effective date of the provision to June 30, 2021.
- (2) ORS's examination procedures included the following: questionnaires, inquiries, review of the Cooperative's bylaws, review of board meeting notices, review of minutes of meetings, review of Trustee compensation and benefits related to board meeting attendance, and other analytical analysis.

Based upon the examination procedures performed and the results obtained from the examination and the affirmations provided, the Cooperative is in compliance with Act 56, except for:

1. Per the response to General Questionnaire #8, the Cooperative stated that board meeting notices were not posted at the Cooperative's principal place of business in the manner required by S.C. Code Ann. § 33-49-625(A) of Act 56. ORS recommends that the Cooperative implement procedures to ensure all meetings of the board of trustees or the membership of the cooperative are noticed in a manner that complies with statutory requirements.
2. Per the response to General Questionnaire #17, the Cooperative acknowledged that no process was in place to allow electronic collection of signatures for the purpose of nominating candidates for the board of trustees by petition. S.C. Code Ann. § 33-49-645(B)(2) states that a cooperative's bylaws must provide for a process for collecting signatures electronically if members may become candidates for the board of trustees by petition and more than 50 signatures of members are required. The Cooperative provided a corrective action by stating that it plans to implement a policy in 2022.

Sincerely,



Dave Herpel, CPA
ORS Audit Manager

cc: Christopher R. Koon, Esquire (via email)