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December 23, 2021

Via Email Only

Board of Trustees
Santee Electric Cooperative, Inc.
c/o Rob Ardis
424 Sumter Hwy
Kingstree, SC 29556
rardis@santee.org

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 Santee 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:

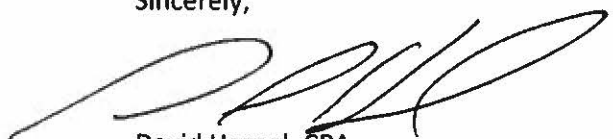
- (1) The examination involved testing compliance with the sections of Act 56 listed above, for the period from the effective date of the provision to June 30, 2021.
- (2) ORS's examination procedures included the following: questionnaires, inquiries, review of the Electric Cooperative's bylaws, review 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, Santee Electric Cooperative, Inc. is in compliance with Act 56.

As part of our examination, we have the following recommendations:

1. Regarding annual meeting notices, the notice for the annual meeting of the members held on October 27, 2020, was sent to the members of the Cooperative on October 9, 2020, which was seventeen (17) days prior to the meeting. Similarly, the meeting notice for the annual meeting of the members held on May 11, 2021, was sent to the members on April 12, 2021, which was twenty-eight (28) days prior to the meeting. Based on information ORS was provided, no contested elections were held at either meeting. ORS's position is S.C. Code Ann. § 33-49-420 requires written notice of all annual meetings of the members be given to each member, either personally or by mail, at least thirty (30) days prior to the date of the meeting, regardless of whether there is an election. ORS recommends the Cooperative going forward provide notice to the members, personally or by mail, thirty (30) days prior to all annual meetings. ORS also recommends the Cooperative's bylaws be updated accordingly. ORS acknowledges there may not be sufficient time to implement these recommendations prior to the 2022 annual meeting of the members.
2. Regarding the board member compensation and benefits disclosure to members under S.C. Code Ann § 33-49-615, the disclosure for calendar year 2020 the Cooperative posted to its website was sixty (60) pages in length. ORS recommends the Cooperative post Schedule O of this document (page 54 of the pdf) as a separate stand-alone document or direct members attention to this page of the disclosure as a summary of the information contained in the disclosure and the information required under S.C. Code Ann. § 33-49-615.

Sincerely,



David Herpel, CPA
ORS Audit Manager

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