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**SANTEE ELECTRIC
 COOPERATIVE NEWS**

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LADIES AND GENTLEMEN,
 I believe it is now time—perhaps past time—to discuss a significant issue impacting our entire state. I am referring to all of the activity relating to Santee Cooper in both the South Carolina General Assembly and in our courts.

As many of you know, the failed attempt to construct two nuclear generation units in Jenkinsville eventually led to the sale of one of the partners in this project—SCE&G. Now, the question remains as to the ultimate impact this will have on the other partner—Santee Cooper.

We here at SEC, of course, have a particular interest in this entity. Santee Cooper is our neighbor. In fact, due to our proximity, our similar names, and the fact that we both sell electricity, many in our area often confuse Santee Cooper and Santee Electric Cooperative. The greatest reason, however, that we are so critically interested in Santee Cooper is because they provide approximately 75 percent of the wholesale power that our state's electric cooperatives distribute.

The General Assembly is currently deep in the process of analyzing Santee Cooper's future. Options from all over a wide spectrum—from management agreements to partial sales to a full sale of all assets—are being considered in both the House and the Senate. A joint committee even went so far as to request indicative statements of interest, and the cooperatives submitted one of the bids. However, preliminary reporting shows that some of the bidders were willing to take on all of the debt—AND—lower rates. The cooperatives, upon learning of this possibility, immediately put our bid on hold. After all, our ultimate goal is

only to do what is best for our members. We want the best deal for the ratepayer—even if it is not our bid.

While this is going on in the State House, be aware one lawsuit in particular (of many) will have considerable bearing on Santee Cooper and the cooperatives. It began with a member of another cooperative in our state bringing suit against their cooperative and its wholesale providers—saying that it was unlawful for them to be required to pay for this failed project through their power bills. Central Electric Power Cooperative, the wholesale power aggregator for the cooperatives and a defendant in this suit, filed a cross-claim on behalf of its member cooperatives and (indirectly) their members. Finally, the original plaintiff's counsel joined in this claim on behalf of Santee Cooper's direct-served customers.

There is a great deal more detail out there, but I only have so much space in this column. There are many questions to be answered. Will the General Assembly vote to sell Santee Cooper? Should they? Will the plaintiffs win their lawsuit? Will the General Assembly act first...or will the courts?

The short answer is that we do not yet know. Anyone who claims to have the answers today is either misleading you or too emotionally involved...or both. Just know that your cooperative will fight for what is best for our member-owners—once that best plan is known.

ROBERT G. ARDIS III
 President and Chief Executive Officer