

MEETING OF THE AUDIT COMMITTEE
WAMPEE CONFERENCE CENTER
PINOPOLIS, SOUTH CAROLINA
MONDAY, MARCH 28, 2011 – 8:30 A.M.

Committee Members Present: Chairman John T. Molnar, Directors G. Dial DuBose, William A. Finn, W. Leighton Lord, III, Cecil E. Viverette, and Board Chairman O. L. Thompson, ex officio

Other Directors Present: J. Calhoun Land, IV, Peggy H. Pinnell, David A. Springs, and Barry D. Wynn

Staff Members Present: Lonnie N. Carter, President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; Elaine G. Peterson, Executive Vice President and Chief Financial Officer; R. M. Singletary, Executive Vice President, Corporate Services; James E. Brogdon, Executive Vice President & General Counsel; Terry L. Blackwell, Senior Vice President, Power Delivery; L. Phil Pierce, Senior Vice President, Generation; Marc R. Tye, Vice President, Conservation & Renewable Energy; Jeffrey D. Armfield, Treasurer and Vice President, Business Services; Michael C. Brown, Vice President, Wholesale and Industrial Services; Wm. Glen Brown, Jr., Vice President, Human Resource Management; Thomas L. Kierspe, Vice President, Property & Environmental Management; Richard S. Kizer, Vice President, Government & Community Relations; Mike Poston, Vice President, Retail Operations; Laura G. Varn, Vice President, Corporate Communications & Media Relations; Pamela J. Williams, Vice President, Administration and Corporate Secretary; Terry Thompson, General Auditor; and Pamela M. Gaskins, Assistant Corporate Secretary

Also in attendance were Warren Wise of *The Post & Courier*; Ronald J. Calcaterra, President & Chief Executive Officer of Central Electric Power Cooperative; James P. Howle, Chief Executive Officer & Executive Vice President of Horry Electric Cooperative; Dennis M. Boyd of Nucor; Michelle Thompson and Eddie Burke of Cherry, Bekaert & Holland; and Kristofer Clark.

An agenda, including the time, date and location of the meeting, was posted on Santee Cooper's website on Thursday, March 24, 2011.

Chairman Molnar presided, and Ms. Gaskins kept the minutes.

Upon motion by Director DuBose, seconded by Director Viverette, the Committee unanimously voted to waive reading of the minutes of the January 24, 2011, meeting of the Audit Committee and adopted the minutes as submitted.

Ms. Peterson introduced Ms. Thompson of Cherry, Bekaert & Holland, LLP. Ms. Thompson reported on the financial statement audit for the year ended December 31, 2010.

Ms. Thompson stated the audit process had gone smoothly with the full cooperation of Santee Cooper management and employees. She stated that their audit was conducted in accordance with the audit plan that was communicated to the Audit Committee on October 22, 2010. The scope was sufficient to enable Cherry, Bekaert & Holland, LLP (CB&H) to express an unqualified opinion on the Authority's 2010 Financial Statement. She noted there is an "uncorrected misstatement" detailed in the audit report Exhibit A. This is due to how the

Authority elected to comply with Governmental Accounting Standards Board Statement 45 (GASB 45) which governs the recognition of an entity's liability for Post-Retirement Benefits Other than Pensions (OPEBs). She presented detailed information on the scope of the audit; responsibilities of management and external auditor; internal control matters; audit risks and procedures performed; and required communications (Exhibit AC 3-1-11).

Director Land entered the meeting during Ms. Thompson's presentation.

In accordance with Standards of Best Practices, the "CEO and CFO Certification of Santee Cooper's Financial Report for the Period Ending December 31, 2010" (Exhibit AC 3-2-11) was provided to Chairman Molnar and other members of the Board.

A copy of the final Financial Statement dated December 2010 (Exhibit AC 3-3-11), the February 2011 Financial Statement (Exhibit AC 3-4-11), and the Financial & Statistical Supplement for the period 2001-2010 (Exhibit AC 3-5-11) were mailed to the Board prior to the meeting. A copy of the 2010 Annual Report (Exhibit AC 3-6-11) was mailed to the Board prior to the meeting.

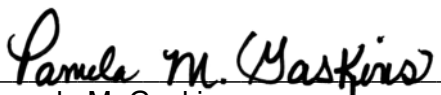
Ms. Thompson and Mr. Burke left the meeting.

Ms. Williams reported on the Conflicts of Interest Statements for period ending December 31, 2010. She noted that employees were notified of their responsibilities for reporting conflicts of interest in compliance with Santee Cooper's Conflicts of Interest Policy and based on the potential conflicts they identified and submitted on their compliance forms, this report was developed. Each case has been addressed and appropriate action taken to ensure adherence to procedure. Ms. Williams recommended approval by the Committee of the items listed in the report.

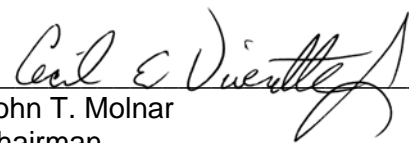
Upon motion by Director Finn, seconded by Director Viverette, the Committee unanimously approved the items listed in the conflicts of interest report for period ending December 31, 2010 (Exhibit AC 3-7-11).

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,


Pamela M. Gaskins
Assistant Corporate Secretary

Approved:


*John T. Molnar
Chairman

**Chairman Molnar retired from the Board prior to approval of these minutes.*