

Mr. Charles Leaird - Preliminary Questions

A. Candidate Background

1. List and describe any professional experience or education you have in the following areas: accounting, finance, leadership, business operations, risk management, corporate governance, energy, engineering, or the sciences.

Having been on the board of Central Electric Power Cooperative and CEO of two different electric distribution cooperatives for 45 years, I have experience in all of these areas. Also, I learned a lot about leadership during my 7 ½ years in the USMC. In addition to being a pilot, I was trained and served in Vietnam as an embarkation officer. Later in the United States, I served as Flight Safety Officer in the training command. I graduated from Clemson College in 1961 with a B.S. in industrial management.

2. Are you currently a customer of Santee Cooper?

No, however, I am a member/consumer of Black River Electric Cooperative.

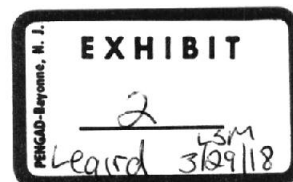
3. To what do you attribute your success in your career? What qualities do you possess that enabled you to be successful? How are those qualities going to make you an effective member of the Board of Directors at Santee Cooper?

I am a serious physical conservative and believe in accountability and responsibility in every phase of business. Santee Cooper needs board members who have a keen interest in protecting the interest of the people and businesses it serves. I also believe that transparency would have prevented some of the past mistakes.

4. Please describe any experience you have had on other boards. Based on those experiences, what is your impression of how a board should operate (in regards to interaction with the management, involvement with daily operations, contact with companies doing business with Santee Cooper, etc.)?

Having been on both sides, board and management, I understand the proper role for a board member. Board members should adopt policy, hire and release, when proper, the CEO, and assist management when asked. Boards should not be involved with daily operations or representing Santee Cooper when not authorized. However, I can't help but wonder where the Board was when the decision was made on Summer 2 and 3.

5. What is your estimate of the time required to serve as a member of the Board of Directors for Santee Cooper? Are you able to give that time to the position?



I estimate one day per week. I am retired without pressing obligations; therefore, additional time is not a problem for me.

6. Do you have a relationship with any of the charities that Santee Cooper has supported in the last five years? If so, please provide the name of the charity and describe the relationship.

No.

7. Have you made any political contributions in the past five years? If so, how much and to whom were the contributions made?

In the past three years, I can only recall donating \$100 to Senator McElveen. Prior, when I was CEO of Black River Electric Cooperative, I donated to Federal candidates in the amount of \$500 to \$1,000 and to Statewide candidates in the amount of \$100 to \$500. When I retired, I destroyed all those records. All donations were paid by personal check and with funds of which I had paid income tax.

8. Do you or any of your immediate family members (as defined in S.C. Code Ann. § 8-13-100) have a business, financial, or other relationship with Duke Energy or any of its subsidiaries, SCE&G, or an electric cooperative? Do you or any of your immediate family members have a business, financial or other relationship with any other investor-owned utility or an electric cooperative that operates outside of South Carolina? Please include any stock that you or an immediate family member own in these companies and/or any mutual funds that you or an immediate family member own that invests in these companies.

No, other than owning stock in Duke Energy and the Southern Company. I own mutual funds which may carry utility stock, but I do not have direct knowledge .

9. As a director of Santee Cooper would it be ethical for you, your family, or businesses or charities with which you or they have a business, financial, or other relationship to benefit from any Santee Cooper business opportunity or contract? Why or why not?

No, of course not.

B. Operations of Santee Cooper

1. What services does Santee Cooper perform, and where are those services performed?

Primarily electric generation, transmission and sales , both wholesale and retail, in South Carolina. They also have a small water production and transmission service for wholesale, not retail.

Supplemental response:

Also the development of the Santee Cooper and Congaree Rivers south of Camden, South Carolina, and conservation projects, commerce and management of Lake Marion and Lake Moultrie. The statute provides for many other associated business activities, including the borrowing of money.

2. Generally, who are Santee Cooper's customers? Who is Santee Cooper's largest customer?

They have an assigned retail territory, generally Horry, Georgetown and Berkeley counties along the coast, and they have additional industrial customers outside of this territory. They serve wholesale three municipals inside the state and three other similar agencies outside the state. Their biggest customer by far is Central Electric Power Cooperative which serves all 20 electric cooperatives.

3. What are Santee Cooper's most valuable assets?

Their most valuable assets are the retail and industrial distribution system, the transmission system, the generation system, and their contracts for sale as described in 2 above. The water system is of least value.

4. Why was Santee Cooper created, and what are its goals? Do you believe Santee Cooper has fulfilled these goals? Should Santee Cooper continue to exist as a quasi-state entity?

Santee Cooper was created as a WPA project for Rural Electrification. Their first important customer was the Charleston Naval Yard during WWII. Economic development was and still is an important goal for Santee Cooper and they have been successful to date. I want to see Santee Cooper continue to exist as a quasi-state entity; however, with \$8 billion in debt and their assets being much less, it is hard to visualize a model going forward which would not require a heavy burden for the ratepayers.

5. Do you believe legislative approval is required before Santee Cooper may sell or lease, real or personal property that is used in the generation, transmission, or distribution of electricity if the sale or transfer would not materially impair the authority's ability to meet generation, transmission, and distribution needs of its ongoing operation including an adequate reserve capacity and reasonable growth in needs? If the sale or lease would materially impair Santee Cooper's ability to meet generation, transmission, and distribution needs of its ongoing operation including an adequate reserve capacity and reasonable growth in needs, could Santee Cooper sell or lease, real or personal property that is used in the generation, transmission, or distribution of electricity without legislative approval?

They may sell or lease surplus property only if it does not impair their ability to serve. Otherwise, only the General Assembly may sell or lease. In my opinion, given the current conditions, I don't believe the Board would be well advised to sell or lease any assets.

6. How does Santee Cooper compare to government-owned power companies in terms of generation of electricity and sales of electricity?

Not considering Federal projects, considering only State projects, they are among the highest in generation and sales.

7. What is Santee Cooper's current bond rating, and why is that important?

As of February 2018, they are A+ by two rating agencies. The higher the rating, the more favorable their borrowing ability becomes.

8. How much money does Santee Cooper contribute to South Carolina's budget per year?

1% of annual revenue or approximately \$20 million.

9. What is the dominant fuel source for Santee Cooper? What other sources of fuel are utilized? Do you envision any changes in sources or mix of generation?

In the past, it has been coal. Currently gas, nuclear, off system purchases, hydro and renewables are about 50%.

10. What are the major legal, financial, and personnel challenges facing Santee Cooper today?

The biggest challenge is the \$8 billion debt and the adverse effect from the debt.

C. Best Practices for Board of Directors

1. When the board and the management disagree, how do you believe the disagreements should be resolved?

By a majority vote of the Board, with the vote being recorded in the official minutes.

2. If a company is doing business with Santee Cooper and you are personally acquainted with the company's management or familiar with their line of work, how would you handle the situation? Do you think this is a benefit or a conflict of interest? Would you participate in the negotiations between Santee Cooper and this company?

It could be a benefit or a conflict of interest depending on how the director reacts. Only by a majority vote of the Board, would one assist management. Personally, I would only advise management and not be directly involved.

3. Describe the duty of loyalty and the duty of care you would owe to Santee Cooper.

Santee Cooper is an agency of the State of South Carolina and, in every case, a director should act in the best interest of the ratepayers and South Carolina. Loyalty does not mean blind agreement with management. Care and good judgment should always be exercised when serving on a board.

4. To whom do you as a Santee Cooper board member owe duties? What would you do in the case of conflicting interests?

A director cannot serve anything or anyone unless he or she first serves the ratepayers. Ratepayers, in my opinion, always come first.

5. What are the differences between directors and managers? Specifically, what are the roles of each in the business operations of Santee Cooper?

Managers oversee daily operations and carry out the policies of the Board. Directors set policy and hire or fire the CEO. Any business needs "up to date" by-laws and policies so conflicts between the two can be avoided. I have always felt that a board should be well informed and a smart manager will ask for advice and consent.

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7. What is the proper role for the board in regards to Santee Cooper's pursuit of economic development for the area and South Carolina?

The board should be proactive and supportive when pursuing economic development projects for South Carolina. Also, ongoing support is greatly needed after industry locates.

8. How important is board unity? How would you handle a board member who acts on his own without the knowledge and approval of the board?

Unity is needed on a board. I would report reckless activity on the part of a board member to general counsel.

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10. What role should a director's political or ideological beliefs play in making a decision? Should a director base his decision solely on what is in the best interest of Santee Cooper?

Any kind of bias should be avoided.

D. Freedom of Information Act

1. What is the purpose of the Freedom of Information Act (FOIA)? How can you ensure that the Santee Cooper Board complies with the FOIA?

To make available information to the public which may be otherwise withheld by an agency subject to the Act. Hopefully, to adopt a policy requiring Santee Cooper to comply with FOIA, and then providing oversight as a board member.

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Adoption of a Policy by the Board and oversight as discussed in 1 above.

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