

ESTABLISHMENT OF
DEFINED CONTRIBUTION AND
DEFINED BENEFIT PLANS

HUMAN RESOURCES

*February 27, 2006

Adopted	<u> ✓ </u>
Rejected	<u> </u>
Postponed	<u> </u>

RESOLUTION

WHEREAS, Santee Cooper desires to establish a defined contribution plan and defined benefit plan which are intended to qualify under Internal Revenue Code Section 401(a), together with nonqualified excess benefit arrangements which are intended to qualify under Internal Revenue Code Section 415(m) (each, a "Plan," and collectively, "Plans"); and

WHEREAS, said plans are titled Santee Cooper Executive Retention Defined Benefit Plan and Santee Cooper Executive Retention Defined Contribution Plan; and

WHEREAS, one of the purposes of said plans is to promote the attraction and retention of key executives; and

WHEREAS, consultants and counsel for Santee Cooper have prepared draft documents which would evidence the Plans, which documents were presented for review by members of the board; and

WHEREAS, consultants and counsel for Santee Cooper recommend the approval of said plans; and

NOW, THEREFORE, BE IT RESOLVED, that, effective as of January 1, 2006, adoption of the Plans by Santee Cooper is hereby approved and authorized.

BE IT FURTHER RESOLVED, that the "limitation year" with respect to the Plans which are intended to qualify under Internal Revenue Code Sections 401(a) and are thus subject to the applicable limitations of Internal Revenue Code Section 415, shall be the twelve month period beginning on each January 1 and ending on the December 31 immediately thereafter.

HUMAN RESOURCES COMMITTEE
WAMPEE CONFERENCE & TRAINING CENTER
PINOPOLIS, SOUTH CAROLINA
MONDAY, FEBRUARY 27, 2006 – 10:00 A.M.

Committee Members Present: Chairman J. Calhoun Land, IV, Director James W. Sanders, Sr., and Board Chairman O. L. Thompson, ex officio

Committee Member(s) Absent: Director Patrick T. Allen

Other Directors Present: Paul G. Campbell, Jr., Clarence Davis (via telephone), and G. Dial DuBose

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, Senior Vice President, Corporate Services; James E. Brogdon, Senior Vice President and General Counsel; Wm. Glen Brown, Jr., Vice President, Human Resources; Laura G. Varn, Vice President, Corporate Communications and Media Relations; Pamela J. Williams, Associate General Counsel, Corporate Affairs; Glenda W. Gillette, Controller; Thomas L. Richardson, General Auditor; Terry Stinson, Diversity Manager; Ronald H. Holmes, Human Resources Special Projects Director; Richard S. Kizer, Director, Government & Community Relations; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

Also in attendance were Ronald J. Calcaterra, President and Chief Executive Officer of Central Electric Power Cooperative, Inc.; Dennis M. Boyd of Nucor; Robert R. Smith, II of Moore & Van Allen Law Firm, representing Nucor; John T. Molnar, Medical Director of Grand Strand Hospital; Marc E. Stockwell of Findley Davies, Inc.; and Ken A. Janik of Nelson Mullins Law Firm.

An agenda, including the time, date and location of the meeting, was posted on Santee Cooper's website on Friday, February 17, 2006.

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

Upon motion by Director Sanders, seconded by Chairman Land, the Committee unanimously voted to waive reading of the minutes of the December 12, 2005, meeting of the Human Resources Committee and adopted the minutes as submitted.

Mr. Carter requested approval of the appointment of Jeffrey D. Armfield as Treasurer and Vice President of Business Services effective upon the retirement of our current Treasurer, H. Roderick Murchison, at the end of March 2006. Mr. Armfield has been employed at Santee Cooper for over 22 years, is a Certified Public Accountant, and has worked in internal audit, budget and forecasting and more recently been responsible for Business Services which includes Risk Management, warehousing, and administrative services.

Upon motion by Director Sanders, seconded by Chairman Land, the Committee unanimously voted to recommend the attached resolution entitled "Appointment of Jeffrey D. Armfield, Treasurer and Vice President of Business Services" (Exhibit HR 2-1-06) to the full Board for approval.

Mr. Brown introduced Ms. Stinson. Ms. Stinson reported on the Affirmative Action Plan Annual Status Report for Year Ending September 30, 2005 (Exhibit HR 2-2-06), which is issued by the State Human Affairs Commission. She described in detail each of the six job categories, the analysis for determining availability, and Santee Cooper's goal attainment by category. Santee Cooper's 2005 overall goal attainment by category is as follows:

E1 – Officials/Administrators	-	100%
E2 – Professionals	-	99.5%
E3 – Technicians	-	92.0%
E6 – Clerical	-	100%
E7 – Skilled Craft	-	74.6%
E8 – Service/Maintenance	-	100%
Overall Corporate Goal	-	94.0%

Ms. Stinson noted that the drop in the Skilled Craft (E7) category can be attributed to new census data indicating more female availability in this category. Santee Cooper's 2005 overall ranking is 14th among all state agencies and 2nd among state agencies with more than 1,000 employees. She stated that various strategies are being implemented to ensure goal attainment for 2006 including: participation in job/career fairs; evaluation of job descriptions, Equal Employment Opportunity Codes and intern/summer programs; increased contact with technical schools and the community; and research of estimated workforce availability for upcoming years.

Mr. Brown introduced Ms. Gillette. Ms. Gillette reported on the 2005 Santee Cooper Corporate Goals Incentive Plan (Exhibit HR 2-3-06). She explained that the purpose and strategies of the Incentive Plan are to implement strategies, motivate and educate employees, minimize costs, operate safely, and achieve high customer satisfaction. Her report included a history of target achievement, and an overview of the 2005 corporate, departmental, and individual targets. The "cost reduction", "safety", and "customer satisfaction" components of the 2005 corporate target were achieved, but the "cost of power" component was not met due to higher fuel costs and purchased power. Her report also included an overview of the 2006 Corporate Goals Incentive Plan.

Director Davis was participating in the meeting via telephone and disconnected from the conference call after Ms. Gillette's presentation.

Upon recommendation of Mr. Brown and motion by Director Sanders, seconded by Chairman Land, the Committee unanimously voted to enter Executive Session to discuss recent changes in the Internal Revenue Code affecting the SERP's and to receive legal advice concerning these changes with members of the Committee, other Board members, Mr. Carter, Mr. Brogdon, Mr. Brown, Ms. Williams, Mr. Holmes, Mr. Stockwell, and Mr. Janik in attendance.

The Committee returned to Regular Session. Chairman Land reported no action was taken in Executive Session.

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Upon motion by Director Sanders, seconded by Chairman Land, the Committee unanimously voted to recommend the attached resolution entitled "Establishment of Defined Contribution and Defined Benefit Plans" (Exhibit HR 2-4-06) to the full Board for approval.

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

Respectfully submitted,

APPROVED:

Pamela M. Gaskins
Assistant Corporate Secretary

J. Calhoun Land, IV
Chairman

MEETING OF THE BOARD OF DIRECTORS
WAMPEE CONFERENCE CENTER
PINOPOLIS, SOUTH CAROLINA
MONDAY, FEBRUARY 27, 2006 – 12:00 P.M.

Regular Session

Directors Present: Chairman O. L. Thompson, Directors Paul G. Campbell, Jr., G. Dial DuBose, J. Calhoun Land, IV, and James W. Sanders, Sr.

Director(s) Absent: Patrick T. Allen, Richard H. Coen, and Clarence Davis

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, Senior Vice President, Corporate Services; James E. Brogdon, Senior Vice President and General Counsel; Wm. Glen Brown, Jr., Vice President, Human Resource Management; Laura G. Varn, Vice President, Corporate Communications & Media Relations; Ronald H. Holmes, Human Resources Special Projects Director; Glenda Gillette, Controller; Pamela J. Williams, Corporate Secretary and Associate General Counsel; Richard S. Kizer, Director, Government & Community Relations; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

Also in attendance were Ronald J. Calcaterra, President and Chief Executive Officer of Central Electric Power Cooperative, Inc.; Dennis M. Boyd of Nucor; Robert R. Smith, II of Moore & Van Allen Law Firm, representing Nucor; John T. Molnar, Medical Director of Grand Strand Hospital, Marc E. Stockwell of Findley Davies, Inc.; and Ken A. Janik of Nelson Mullins Law Firm.

An agenda, including the time, date and location of the meeting, was posted on Santee Cooper's website on Friday, February 17, 2006.

Chairman Thompson called the meeting to order. He presided, and Ms. Gaskins kept the minutes.

Director Sanders gave the invocation, and Director Campbell led the group in reciting the Pledge of Allegiance.

Upon motion made by Director DuBose, seconded by Director Campbell, the Board voted unanimously to waive reading of the minutes of the January 23, 2006, Annual meeting, and adopted the minutes as submitted.

Upon motion made by Director DuBose, seconded by Director Campbell, the Board voted unanimously to waive reading of the minutes of the January 23, 2006, regular meeting, and adopted the minutes as submitted.

Upon recommendation of the Human Resources Committee, as stated by Director Land, the Board unanimously voted to adopt the resolution entitled "Appointment of Jeffrey D. Armfield as Treasurer and Vice President of Business Services" (Exhibit MB 2-1-06).

Upon recommendation of the Human Resources Committee, as stated by Director Land, the Board unanimously voted to adopt the resolution entitled "Establishment of Defined Contribution and Defined Benefit Plans" (Exhibit MB 2-2-06).

Ms. Gillette presented a preliminary financial summary for the period ending January 2006 (Exhibit MB 2-3-06). The Preliminary Financial Statement dated January 2006 (Exhibit MB 2-4-06) was mailed to the Board prior to the meeting. A final report with audited results will be provided in March 2006.

Mr. Carter presented the monthly President's Report, summarizing recent and upcoming activities. The following topics were included in his report:

- The Central/Santee Cooper Executive Committee met on February 8, 2006, to review the preliminary Generation Expansion Plan. Comments from the meeting were positive. Management will soon make a presentation to the Board, seeking approval of a new coal unit.
- Central and Santee Cooper have reached an agreement in principle on how to extend the Large-Load Retention Credit to Central's members. Administrative details are being finalized, and management anticipates submitting this agreement to the Board for approval in March.
- Mr. Carter attended the Large Public Power Council winter meeting along with Mr. McCall and Mr. Kizer. Issues that were discussed included: climate change legislation, fuel transportation issues, and Federal Energy Regulatory Commission (FERC) initiatives.
- Mr. Carter met with Mr. Calcaterra of Central Electric Power Cooperative, Inc. and Mr. Charles Compton of Saluda Electric Cooperative to discuss transition issues associated with the integration of Saluda members to Central.
- Mr. Carter, Mr. McCall, and Mr. Blackwell attended the National Rural Electric Cooperative Association (NRECA) Annual Conference in Orlando, Florida along with Chairman Thompson and Directors Campbell and Land.
- Mr. Carter advised the Board that copies of the MarketSearch *Topline* reports with results of the "cooperative/municipal customer satisfaction study" (Exhibit MB 2-5-06) and the "commercial customer satisfaction study" (Exhibit MB 2-6-06) were included in today's handouts.

Director DuBose inquired about current coal stockpile levels. Mr. Carter advised that current levels at each station are high with the exception of Winyah, which is low due to rail delivery. Mr. McCall added that Winyah's stockpile should be elevated by next month. Mr. Carter also stated that Santee Cooper will be conducting meetings with the railroad companies regarding our future coal needs and their ability to meet those demands.

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

Respectfully submitted,

APPROVED:

Pamela M. Gaskins
Assistant Corporate Secretary

O. L. Thompson
Chairman