



November 21, 2023

**Via Email Only**

Board of Trustees  
Tri-County Electric Cooperative, Inc.  
c/o Chad Lowder  
6473 Old State Rd  
St. Matthews, SC 29135  
clowder@tce.coop

Re: Electric Cooperative 2023 Compliance Examination in Accordance with S.C. Code Ann. §§ 33-49-150(A) and 33-49-160(E)

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 examined Tri-County Electric Cooperative, Inc.'s ("the Cooperative") compliance with S.C. Code Ann. § 33-49-615, which requires disclosures of the compensation or benefits by category paid to or provided for board of trustee members during the previous calendar year, and S.C. Code Ann. § 33-49-630(A), which provides that compensation shall not be paid except for actual attendance upon activities authorized by the board. The time period examined was the 2022 calendar year. The disclosures mandated by S.C. Code Ann. § 33-49-615 for the 2022 calendar year were required to be made no later than May 15, 2023. S.C. Code Ann. § 33-49-615 went into effect on May 1, 2020, and is one of the provisions in Act 56, which was enacted in 2019.

Our compliance examination verified that information required to be disclosed by section 33-49-615 regarding board member compensation and benefits for the 2022 calendar year was disclosed at a location accessible and visible to the cooperative membership on the Cooperative's website by May 15, 2023. Information required to be disclosed includes: (1) daily per diem amounts; (2) total per diem compensation for attendance at meetings of cooperative service organizations; (3) total per diem compensation for attendance at regular and special meetings, including board of trustee committee meetings, (4) total per diem compensation for trustee training and certification; (5) total expenses paid or reimbursed, including mileage, subsistence, entertainment or travel expenses paid in conjunction with the preceding four items; (6) total value of and description of any other fringe benefits provided, and (7) the total value of and a description of any goods or services required to be disclosed by S.C. Code Ann. § 33-49-630(C)(3). In addition, as part of the 2022 Compliance Examination, the Cooperative agreed to include all compensation and benefits board of trustee members receive from affiliates and subsidiaries of the Cooperative starting with the 2022 calendar year disclosure. ORS verified the 2022 calendar year disclosure included this information.

Our compliance examination also included limited inquiries, review of minutes of meetings, and review of amended bylaws, if applicable.

Based upon the examination procedures performed and the results obtained, it appears that the Cooperative is in compliance with S.C. Code Ann. §§ 33-49-615 and 33-49-630(A).

For future reviews of the Electric Cooperatives and the Association, ORS is planning the following audit schedule:

1. For calendar year 2024 and each year thereafter, the ORS will:
  - a) Review each Cooperative's and the Association's disclosure of compensation and benefits as required by S.C. Code Ann. §§ 33-49-615 and 33-49-160(B), respectively, which require disclosing the compensation or benefits by category paid to or provided for board of trustee members during the previous calendar year. These disclosures are required to be made by a Cooperative no later than May 15 and disclose amounts paid for the previous calendar year.
  - b) Review each Cooperative's and the Association's compliance with S.C. Code Ann. §§ 33-49-630(A) and 33-49-160(D)(1), respectively, which provide that compensation shall not be paid except for actual attendance upon activities authorized by the board. The review period will be the same as covered in the compensation and benefits review.

Regarding comprehensive audits (beyond examining Compensation and Benefits disclosures), the ORS is proposing a three (3) year rotation auditing eight (8) entities per year. The audit rotation schedule for comprehensive audits would begin in 2024 as follows:

1. **2024 Comprehensive Audits:**
  - Conduct 8 comprehensive audits covering a test period from July 1, 2021 to December 31, 2023. (Test period is 2.5 years)
  - The initial selection of 8 will be randomly selected from the 24 entities subject to review.
2. **2025 Comprehensive Audits:**
  - Conduct 8 comprehensive audits covering a test period July 1, 2021, to December 31, 2024. (Test period is 3.5 years)
  - This next selection of 8 will be randomly selected from the remaining 16 entities subject to review.
3. **2026 Comprehensive Audits:**
  - Conduct 8 comprehensive audits covering a test period July 1, 2021, to December 31, 2025. (Test period is 4.5 years)
  - The remaining 8 entities will be included in this rotation.
4. **In 2027 the rotation would start over.**

Letter – Tri-County Electric Cooperative, Inc.

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Sincerely,

*David Herpel*

David Herpel, CPA

Audit Manager

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