santee cooper®

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February 21, 2011

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549

Re: Proposed Rule Regarding Registration of Municipal Advisors
File Number S7-45-10

Dear Ms. Murphy:

The South Carolina Public Service Authority, also known as Santee Cooper, submits these comments in response to the Securities and Exchange Commission's proposed rule, "Registration of Municipal Advisors," published in the *Federal Register* on January 6, 2011.

Santee Cooper is a body corporate and politic and an agency of the State of South Carolina created under Act No. 887, Acts of South Carolina for 1934, as amended (current version codified at S.C. Code Ann. §§ 58-31-10 through 58-31-550). Santee Cooper owns and operates a fully integrated electric utility system consisting of facilities for the generation, transmission and distribution of electric power at wholesale and retail and for the treatment and distribution of water at wholesale. It is a political subdivision of the State for federal income tax purposes. Santee Cooper is one of the nation's largest municipal wholesale utilities, serving directly or indirectly a population of more than two million. Its system encompasses over 75 percent of the geographical area of South Carolina.

Santee Cooper objects to the Commission's proposal to exclude appointed board members from the definition of "employees of a municipal entity," potentially requiring those board members to register with the Commission as a municipal advisor. We believe the Commission's proposal would impose undue burdens on our board members and impair Santee Cooper's ability to attract a diverse, well-qualified board.

The Dodd-Frank Act's definition of municipal advisor explicitly excludes employees of a municipal entity. Under the Commission's proposal, the employee exemption applies to elected members of a municipal entity's governing board, but not to appointed members. The Commission's stated rationale for this distinction between appointed and elected members is that elected advisors are accountable to the municipal entity for their actions, but appointed members are not. We do not believe this distinction has merit, and the distinction certainly does not hold true for Santee Cooper's board members.

Santee Cooper's enabling statute ensures board members are qualified and accountable. It requires the board include broad representation of different stakeholders, establishes qualification requirements and a screening process for members and holds board members accountable to customers and citizens of South Carolina.

The board is appointed by the governor and must include representatives from all of the State's congressional districts as well as from the customers Santee Cooper serves. Members must possess minimum qualification requirements, including a general knowledge of the history, purpose, and operations of Santee Cooper and the ability to interpret legal and financial documents and information. The governor's nominees are screened by a committee to determine whether they meet the minimum qualifications and are otherwise fit to serve. After passing the screening, nominees must be confirmed by the South Carolina state senate.

The enabling statute also imposes standards of conduct on board members, including a duty to act in good faith, with due care, and in the best interests of Santee Cooper, similar to obligations of directors of private corporations under the South Carolina Corporations Code. Customers may bring suit against a board member for breach of duty, and board members are subject to disgorgement of "ill-gotten gains" and damages of up to $50,000 per occurrence. The governor may remove board members from office for cause.

Santee Cooper's board does not serve in merely an advisory capacity. It is charged with exercising the powers granted Santee Cooper in the enabling statute. Part of fulfilling that obligation requires that it review investment policy and approve bond issues and other financing strategies. The board makes decisions taking into account the advice of management and independent financial advisors. Our board members do not provide financial and investment advice in the conventional sense, but the Commission's proposal regarding what constitutes "advice" is so broad that it could be interpreted to reach the type of activities our board is required to perform.

We are concerned the Commission's proposal may discourage citizens from serving on Santee Cooper's board. Our board is composed of a diverse group of individuals with different professions and expertise. They receive only nominal compensation (approximately $26,000 per year for the Chairman and $12,000 per year for other board members) and benefits for their service. Diversity is beneficial to a governing board, bringing a wealth of knowledge and experience to board deliberations. Imposing the proposed detailed self-certification and registration requirements would discourage individuals from serving on our board.

The Commission's proposal imposes substantial burdens on our board members and does not advance the objectives of the Dodd-Frank Act. The Act requires that municipal advisors register with the Commission in an effort to improve accountability and transparency in the financial system. Requiring our board members to register as municipal advisors does not promote that purpose. Our board members do not give advice in the same sense as the municipal advisors the Act seeks to reach. Rather, they are charged with overseeing and carrying out the business of Santee Cooper. They are more in the nature of employees, a category of people Congress specifically excluded from the registration requirements. We urge the Commission to include appointed board members as employees of a municipal entity, and therefore exempt from municipal advisor requirements.

Sincerely,

Lonnie N. Carter

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