

NO. 52

JOURNAL
OF THE
SENATE
OF THE
STATE OF SOUTH CAROLINA



REGULAR SESSION BEGINNING TUESDAY, JANUARY 8, 2019

FRIDAY, APRIL 5, 2019

Friday, April 5, 2019
(Local Session)

~~Indicates Matter Stricken~~

Indicates New Matter

The Senate assembled at 11:00 A.M., the hour to which it stood adjourned, and was called to order by the ACTING PRESIDENT, Senator JACKSON.

ADDENDUM TO THE JOURNAL

The following remarks by Senator GROOMS were ordered printed in the Journal of March 26, 2019:

Remarks by Senator GROOMS

Members of this Body, we will have a debate in this Senate about the future of Santee Cooper. But I hope we will wait until we have all the relevant information and have some basic questions answered about the fate and the future of Santee Cooper.

A little more than 84 years ago, we had 62 members of the House and Senate gather at a statue near the State House to take a picture before they boarded a train to go to Washington, DC to ask the administration for help in establishing Santee Cooper. Once upon a time, you could not graduate through a South Carolina public school without learning the history of Santee Cooper and what it meant to this State. This history of Santee Cooper runs deep and it reaches to almost every county in our State today through the network of electric cooperatives. This General Assembly once passed legislation when we had a Governor who tried to sell Santee Cooper to a group called Enron. At the moment, Enron was collapsing. So, the statutory requirement that the General Assembly be the one responsible for selling Santee Cooper was recent, because we all understood just how much of a horrible idea it would be to unload one of our state's greatest assets and resources.

There have been some bone-headed decisions made at Santee Cooper, I will grant you that. I do not think anyone is saying that nothing should happen to Santee Cooper. But the notion that Santee Cooper is unable to pay the bonds, is just not the case. It is not the case at all. They do have the ability to recover costs from the rate payers, just as Dominion and Duke have the ability to recover costs from the rate payers. There is nothing new. This is how the system is set up: you recover your costs from the rate payers. The question is, "How do we best deal with the situation of a failed nuclear plant?" We had two partners, the lead

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partner, SCANA, is no more. We no longer have that entity headquartered in South Carolina. My constituents back home are asking, "Where is my \$1,000 dollars?" They are not getting their money. The temporary rate relief that the General Assembly passed continues to be honored, but there is a pending application coming to the Public Service Commission for another rate increase. The other publically traded company, the investor owned utility company, Duke Power, has a 7% rate increase before the Public Service Commission. Rates are going up from the two investor owned utilities in South Carolina. Santee Cooper is proposing a 5% rate hike in two years with a 1% rate hike after that and then another 1% rate hike after that, for a total of 7%. This will cover the principal and interest on the bonds. Even with those two rate hikes, as a Santee Cooper customer, my electric bill would still be less than that of Dominion and Duke. It would still be less than every other cooperative in the State of South Carolina. The only group that would have a lower power bill would be the couple of utilities that buy power wholesale from Santee Cooper.

There is a problem at Santee Cooper that needs to be corrected and we should study what it takes to correct it. We should study what would happen to the rate payers if we were to sell it, because we do not know. We have a report from a group called ICF that says that rates will go up 15% when Santee Cooper is converted to an investor owned utility. We paid money to get that report and that is what it says. There will be a 7% rate increase by Santee Cooper, whether you convert it to an investor-owned utility or you sell it, and then another 15% rate increase on top of that. All of this is in the ICF report. The report goes on to say that you could have some rate reductions. The rate reductions would occur over a 30 year period and it is based on facts that do not exist. It is based on there being an ample supply of a high volume of natural gas at the Cross Generating Station in Berkeley County. I can tell you, there is no gas there. The rate reductions are based on gas conversion at the Winyah Plant in Georgetown, but there is not gas there either. But over the next 30 years, there might be some gas there and then there might be a way of converting those power plants to gas. After that, there could be some reductions that occur. But we really should not be basing our decisions off of what might happen.

Let's have some assurances over what will happen and how a sale of Santee Cooper would affect the general fund. Santee Cooper is contributing 17 million dollars to this year's General Fund. What happens next year when that money is no longer there? If Santee Cooper

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is sold, there will be a write down of the regulatory asset and whoever buys it will not pay any state income taxes for the foreseeable future. What about the 1600 hardworking, dedicated state employees at Santee Cooper? A few of them have made some bone-headed decisions, but most of these people have dedicated their very lives and hard work in service to our State; they take pride in what they do. They take pride in the production and distribution and transmission of electricity, which has electrified our State and has brought unimaginable economic development. We would be simply discarding the employees of Santee Cooper that take pride in their work. The folks are asking me, "What about my pension? I have put in 25 years and if you sell Santee Cooper, what will happen to me? I am a hard-working state employee -- is no one speaking for me?" I have Santee Cooper retirees who are coming to me and saying, "I am a widow on a fixed income, if you sell Santee Cooper, I will not be able to afford my health insurance." These people need to be looked after. They looked after our State and our response to sell Santee Cooper and let the chips fall where they may is a mistake that we will regret for decades to come.

I am asking that the General Assembly have this debate over the sale of Santee Cooper, but I am asking that the General Assembly do so when we have the facts and the consequences of a sale.

CO-SPONSORS ADDED

The following co-sponsors were added to the respective Bills:

S. 112 Sen. Gregory

S. 591 Sen. Gregory

ADJOURNMENT

At 11:04 A.M., on motion of Senator CROMER, the Senate adjourned to meet next Tuesday, April 9, 2019, at 12:00 Noon.

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