



FOR IMMEDIATE RELEASE

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Conservative coalition news conference on Santee Cooper

Live news event at the Statehouse: "Reforming" Santee Cooper = FAKE Reform

Columbia, SC – A coalition representing many of South Carolina’s conservative voters gathered today at the Statehouse to show their full support for selling Santee Cooper, the heavily indebted and mismanaged state agency.

While many lawmakers are poised to sell Santee Cooper, some Santee Cooper supporters are proposing reform of the state-owned utility. The conservative group convened to remind lawmakers that “reform” is a fake narrative perpetuated by Santee Cooper.

Participants discussed how true reform of the government-owned and operated utility is impossible, and how only a sale will give Santee Cooper and co-op ratepayers relief from the billions in debt from the V.C. Summer nuclear debacle and get our government out of the electric utility business. Participants included: Don Weaver of South Carolina Association of Taxpayers, Oran P. Smith of Palmetto Promise Institute, Chad Connelly of Faith Wins and Evan Newman of S.C. Club for Growth.

The coalition’s platform follows:

“Reforming” Santee Cooper = FAKE reform

Reform is not possible: True reform of Santee Cooper means oversight and regulation by South Carolina’s Public Service Commission (PSC). It means the PSC not only gets to review and comment – but actually approve or deny generation projects, rate increases and other utility activity. Simply put, this kind of true oversight violates Santee Cooper’s bond agreements.

To better understand this, we look to Santee Cooper’s own words. In a letter to Senator Grooms the state agency wrote: “Santee Cooper’s bonds...are secured by a lien on the revenue it derives from owning and operating its electric and water systems. Because bondholders have a lien on revenues from the operation of Santee Cooper, but not on its assets, they have taken steps to protect themselves from actions that would result in the diminishment of Santee Cooper’s revenues.”

Removing Santee Cooper's ability to increase rates without oversight would violate the contractual obligations of the bonds. This is what makes any type of reform impossible. To further cement it, according to Santee Cooper our state "pledged that it will not alter, limit or restrict Santee Cooper's ability to comply with the terms of the bond resolution."

Reform won't make the debt go away. No matter how you message it, no amount of reform will take care of Santee Cooper's debt. Nearly every state agency and private company carries debt, but Santee Cooper is different since the only source of payment for this debt is its direct serve customers, and the customers of the co-ops Santee Cooper serves. They carry the full weight of Santee Cooper's \$6.8 billion worth of mistakes, including \$4 billion for a half-finished nuclear plant that will never generate any electricity. That's downright wrong.

Reform won't create transparency and accountability in the state agency. Every reform bill that's been on the table makes little to no progress in making the state agency transparent and accountable. Conservatives demand a limited, accountable government that works for them, not the other way around. Under the current reform bill Santee Cooper will remain a self-regulated state agency with no avenue for oversight.

Reform won't bring Santee Cooper into the 21st century: The state agency can either continue to make debt payments, and barely stay above water, or invest in new projects that will bring the old systems to the 21st century. But they can't do both. Reform means Santee Cooper customers don't get to benefit from the ingenuity and capital that private enterprise brings to the utility industry.

Reform won't help Santee Cooper stay afloat: Santee Cooper is between a rock and a hard place. Since they're barely staying above water—some would argue they're drowning—and they can't raise rates due to the recent outcome of the Cook lawsuit settlement, they have no other choice but to keep borrowing money that they pass onto ratepayers (co-op and direct serve). Santee Cooper added \$100 million to its customers' tab in the fourth quarter of 2020 and have signaled they will do the same in 2021.

Reform won't get South Carolina out of the electric utility business. Reform of any kind keeps Santee Cooper as a state agency operated by bureaucrats. We believe in limited government, it's time to act like it and sell Santee Cooper to private industry.

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