

## Commentary

# Fix Santee Cooper, negotiate better deal

BY JAY LUCAS

For the past month, the S.C. House has been carefully considering the future of Santee Cooper. The effort has been spearheaded by an ad-hoc committee created at my request and led by Ways and Means Chairman Murrell Smith. This group has spent much time and effort analyzing the available information and listening to public testimony.

That process will come to an end this week, and the House must formulate a plan to protect ratepayers, including the 2 million customers who buy their power from electric cooperatives, and insulate taxpayers from liability. I believe this will require three parts.

First, and foremost, the House will ask the Senate to join in legislatively authorizing the sale of Santee Cooper to a private-sector, investor-owned utility. Allowing the private market to generate energy opens the door for innovation, including solar and other renewables, and works to lower the cost of generation, protecting ratepayers.

NextEra Energy currently has the only sale bid available for consideration. NextEra has a strong track record of managing the utilities it acquires, and its consistent presence throughout this and previous discussions involving the sale of Santee Cooper has demonstrated its strong desire to become a corporate citizen of South Carolina.

But the House cannot accept the NextEra bid in its current form. NextEra needs to show that if the General Assembly is willing to risk selling a state asset like Santee Cooper, NextEra is willing to accept the downside of owning it.

The second part of the House plan would empower a negotiator to improve the terms of the NextEra bid. The House began such a process two years ago with a joint committee of the House, Senate and governor. Unfortunately, the Senate walked away from that process, leaving the state with no choice but to attempt to negotiate through the Department of Administration.

The Department of Administration did a good job bringing in alternatives for this difficult decision. However, everyone, including NextEra, recognizes the department was not em-



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powered to sell Santee Cooper, so NextEra has not made its final and best bid to purchase Santee Cooper. A simple, predictable process to reach that best bid must be a part of any legislative action.

The third part of our plan must be immediate, substantial and total reform of the Santee Cooper corporate structure and operations. Recognizing that it may take significant time to reach a well-negotiated final bid from any private-sector utility, the House cannot risk further, permanent harm to ratepayers. Santee Cooper has demonstrated a desire to conclude this process with no legislative action, thereby securing the status quo. Therefore, it is imperative that reform take place immediately, starting at the top.

The entire Santee Cooper board must be replaced with new, qualified members who understand their fiduciary duty to the state and to ratepayers. The management team also must be replaced to ensure that the culture that led to multiple failures does not persist.

Additionally, Santee Cooper can no longer be allowed to set its own rates without accountability to ratepayers. Serious and substantial review by state regulators and the opportunity for stakeholders and ratepayers to confront Santee Cooper about its plans must be a part of any ratemaking process.

Finally, Santee Cooper cannot be allowed to simply build new generation at the expense of ratepayers. The House will propose that Santee Cooper must enter into the competitive, wholesale market to purchase any additional power it needs. Santee Cooper could build additional generation if, and only if, it can prove to a certainty that the decision would economically favor ratepayers and keep electric rates low. Otherwise, the wholesale market, which almost always provides lower energy prices, would serve Santee Cooper's needs.

South Carolinians work too hard to have their dollars squandered by an unaccountable public utility. While sale remains the ultimate goal for Santee Cooper, we recognize the obstacles that stand in the way. Let's be clear: The House will not allow this process or this legislative session to come to an end without substantial change to Santee Cooper, through either sale or market-based reforms that protect ratepayers.

**Rep. Jay Lucas** is the S.C. House speaker representing District 65.