



HENRY McMASTER
GOVERNOR

June 15, 2021

The Honorable James H. Lucas
Speaker of the House of Representatives
State House, Second Floor
Columbia, South Carolina 29201

Dear Mr. Speaker:

I have signed into law R-110, H. 3194, which amends numerous aspects of existing law related to the South Carolina Public Service Authority (“Santee Cooper”). As you know, H. 3194 is the product of extensive debate over addressing Santee Cooper’s documented failures and considering its future as a state agency. Although the resulting compromise is far from perfect, this legislation will nevertheless provide a measure of much needed and long overdue oversight, transparency, and accountability. Accordingly, for the reasons briefly set forth below, I have signed H. 3194 into law. In doing so, I encourage the General Assembly both to build upon and further enhance the reforms contained in this bill and to pass additional legislation establishing a process to receive and evaluate future offers to privatize Santee Cooper’s operations.

As I have frequently noted, there is no state agency more in need of reform or privatization than Santee Cooper. Despite Santee Cooper’s role in creating, whether actively or incompetently, one of the largest nuclear power fiascos and project failures in modern times—in turn saddling its direct and indirect customers with billions of dollars in unproductive debt—the state-owned utility’s leadership has routinely resisted oversight and accountability, repeatedly dodged or disregarded the truth, secretly subverted state law, and intentionally created a toxic political environment in an effort to preserve its existence and independence. Stated simply, Santee Cooper’s leadership has, for many years, been infected by a self-serving and self-perpetuating case of institutional arrogance, and both Santee Cooper’s ratepayers and the State have suffered the consequences.

To be clear, my preference is still to privatize Santee Cooper; however, the status quo has been and continues to be unacceptable, even in the short term. Although several of the bill’s reform initiatives do not go far enough to address the significant and systemic problems facing Santee Cooper, H. 3194 does include critical reform initiatives that will provide unprecedented transparency and ensure that the agency is accountable to its ratepayers and the people of South

Carolina. This legislation may not cure all of Santee Cooper's chronic problems, but a heavy dose of reform should help rehabilitate it, which will help make the state-owned utility more accountable in the short-term and more valuable in the long-term.

Notwithstanding the importance of H. 3194's reform initiatives, the fact remains that Santee Cooper's future cannot be fully and fairly determined without contemplating—and providing a process for receiving and independently evaluating—its potential sale. Indeed, the seemingly endless debate over how best to reform a state-owned utility only underscores that politicians have no business owning or operating one in the first place. South Carolina no longer has a need to provide, and never had the legal obligation to own, a state-owned utility, and the political process does not include the private-sector expertise nor the means necessary to effectively oversee Santee Cooper's operations. However, to veto this legislation because it ultimately did not establish a process to consider future privatization proposals would jeopardize the important and long overdue reform initiatives contained in H. 3194. Accordingly, because I cannot further immunize Santee Cooper from sorely needed oversight or extend the current absence of any meaningful accountability, I encourage the General Assembly to address this important issue via separate legislation.

For the foregoing reasons, I have signed H. 3194 into law. Going forward, I urge you and your colleagues in the General Assembly to turn your collective attention from attempting to stabilize Santee Cooper to establishing a process to evaluate any future proposals to privatize the state-owned utility and benefit its current and future customers.

Yours very truly,



Henry McMaster