COMMITTEE REPORT

April 2, 2019

**S. 678**

Introduced by Senators Peeler, Climer, Davis and Fanning

S. Printed 4/2/19--S.

Read the first time March 20, 2019.

**THE COMMITTEE ON FINANCE**

To whom was referred a Joint Resolution (S. 678) to provide that the Governor shall utilize the Department of Administration to conduct a competitive bidding process for the sale of Santee Cooper, to provide that the Department of Administration shall evaluate, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the joint resolution, as and if amended, by striking the joint resolution in its entirety and inserting:

/A JOINT RESOLUTION

TO PROVIDE THAT THE DEPARTMENT OF ADMINISTRATION SHALL CONDUCT A COMPETITIVE BIDDING PROCESS FOR THE SALE OF SANTEE COOPER, TO PROVIDE THAT THE DEPARTMENT OF ADMINISTRATION SHALL EVALUATE BIDS, TO PROVIDE THAT THE DEPARTMENT OF ADMINISTRATION SHALL MAKE A RECOMMENDATION CONCERNING THE SALE AND FORWARD THE RECOMMENDATION TO THE SENATE FINANCE COMMITTEE AND HOUSE OF REPRESENTATIVES WAYS AND MEANS COMMITTEE FOR REVIEW, TO PROVIDE THAT THE GENERAL ASSEMBLY SHALL BE CONVENED TO CONSIDER LEGISLATION CONCERNING THE SALE, TO PROVIDE THAT A SALE OF SANTEE COOPER MAY NOT BE FINALIZED UNTIL AFTER A JOINT RESOLUTION AUTHORIZING THE SALE IS ENACTED, TO PROVIDE THAT SANTEE COOPER MUST PROVIDE ANY AND ALL RESOURCES NECESSARY TO EFFECTUATE A SALE, AND TO PROVIDE THAT THE WORK PRODUCT OF THE PUBLIC SERVICE AUTHORITY EVALUATION AND RECOMMENDATION COMMITTEE MUST BE TURNED OVER TO THE DEPARTMENT OF ADMINISTRATION.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. (A) The Department of Administration shall conduct a competitive bidding process for the sale of some or all of the Public Service Authority (“Santee Cooper”). The department shall procure such professional services, including but not limited to financial institutions, legal counsel, and industry consultants, as are necessary to conduct the sale, the evaluation of bids received, and related activities.

(B) Staff from the State Fiscal Accountability Authority’s Procurement Services Division shall assist the department in conducting the competitive bidding process and procuring necessary professional services.

SECTION 2. The department shall conduct a thorough evaluation of all bids received through the competitive bidding process. The evaluation must take into account at least the following:

(1) the financial capability of each bidder;

(2) the bidder’s complete defeasement of all of Santee Cooper’s bonds and other indebtedness;

(3) the bidder’s agreement to provide meaningful short-term and long-term rate relief for all customer classes;

(4) the bidder’s provision of reasonable financial and other protections for Santee Cooper employees and retirees in a manner that would not impact South Carolina’s pension system liability or the liability associated with providing health insurance coverage to employees who have retired from employment at Santee Cooper;

(5) the bidder’s proposed location for its headquarters post-acquisition;

(6) the bidder’s agreement to comply with all applicable federal and state environmental protections regarding Lakes Marion and Moultrie, their rivers and tributaries, and other recreational assets of Santee Cooper, including a covenant to maintain the present status quo regarding these lakes and other resources and the quality of and access to them; and

(7) the bidder’s agreement to partner with the State for future economic development projects.

At the conclusion of its evaluation of the bids, the department shall make a recommendation regarding the bid that the department considers to be in the best interest of the State, its taxpayers, and the ratepayers of Santee Cooper.

SECTION 3. The department shall present to the Chairman of the Senate Finance Committee and the Chairman of the House of Representatives Ways and Means Committee its full evaluation of each bid and its recommendation for a proposed purchaser for Santee Cooper, justifications for its recommendation, a proposed contract to execute the sale, and any supporting documents. The Finance Committee and the Ways and Means Committee shall each meet as soon as practicable to review and make a recommendation regarding the proposed sale. Upon receipt of the recommendation from their respective committees, the President of the Senate and the Speaker of the House of Representatives shall convene their respective bodies to consider any legislation concerning the sale.

The department must execute any documents necessary in order to effectuate the sale upon the enactment of a joint resolution approving the sale. The net proceeds of the sale shall be deposited in the State Retirement Systems Group Trust.

SECTION 4. Santee Cooper is directed to provide any and all resources necessary to conduct the competitive bidding process and evaluation of the bids received.

SECTION 5. The Public Service Authority Evaluation and Recommendation Committee, as created pursuant to Proviso 117.162 of Act 264 of 2018, shall provide to the department all of the committee’s work product.

SECTION 6. This act takes effect upon approval by the Governor.

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**A** **JOINT RESOLUTION**

TO PROVIDE THAT THE GOVERNOR SHALL UTILIZE THE DEPARTMENT OF ADMINISTRATION TO CONDUCT A COMPETITIVE BIDDING PROCESS FOR THE SALE OF SANTEE COOPER, TO PROVIDE THAT THE DEPARTMENT OF ADMINISTRATION SHALL EVALUATE BIDS, TO PROVIDE THAT THE GOVERNOR SHALL EXECUTE THE SALE OF SANTEE COOPER TO THE BIDDER WHOSE BID BEST PROTECTS THE INTERESTS OF SANTEE COOPER’S RATEPAYERS AND THE STATE’S TAXPAYERS, AND TO TRANSMIT THE PUBLIC SERVICE AUTHORITY EVALUATION AND RECOMMENDATION COMMITTEE’S WORK PRODUCT TO THE DEPARTMENT OF ADMINISTRATION.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. (A) The Governor shall utilize the Department of Administration to conduct a competitive bidding process for the sale of some or all of the Public Service Authority (“Santee Cooper”). The department shall procure such professional services, including but not limited to financial institutions, legal counsel, and industry consultants, as are necessary to conduct the sale, the evaluation of bids received, and related activities.

(B) Staff from the State Fiscal Accountability Authority’s Procurement Services Division shall assist the department in conducting the competitive bidding process and procuring necessary professional services.

SECTION 2. The department shall conduct a thorough evaluation of all bids received through the competitive bidding process. The evaluation must take into account at least the financial capability of each bidder, the bidder’s treatment of Santee Cooper’s outstanding debt, the bidder’s projected rates for each class of Santee Cooper’s customers, and the bidder’s management plan for Santee Cooper’s lakes and related natural resources.

SECTION 3. The department shall present to the Governor its full evaluation of each bid. The Governor shall then execute the sale to the bidder who best safeguards the interests of Santee Cooper’s ratepayers and the State’s taxpayers. The net proceeds of the sale shall be deposited in the State’s general fund.

SECTION 4. Santee Cooper is directed to provide any and all assistance necessary to conduct the competitive bidding process and evaluation of the bids received.

SECTION 5. The Public Service Authority Evaluation and Recommendation Committee, as created pursuant to Proviso 117.162 of Act 264 of 2018, shall provide to the department all of the committee’s work product.

SECTION 6. This act takes effect upon approval by the Governor.

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