

In the Matter Of:

State Regulation of Public Utilities Screening Subcommittee

Hearing Before the Honorable Luke A Rankin, Sr

March 29, 2018



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5 STATE REGULATION OF PUBLIC UTILITIES
6 REVIEW COMMITTEE
7 SANTEE COOPER SCREENING SUBCOMMITTEE
8
9 TRANSCRIPT OF HEARING
10 - - -

11 BEFORE: THE HONORABLE LUKE A. RANKIN, SR.,
12 CHAIRMAN
13 REPRESENTATIVE DAVID MACK, III
14 DAN JONES
15 HEATHER ANDERSON, ESQUIRE

16 DATE: March 29, 2018

17 TIME: 10:02 A.M.

18 LOCATION: Gressette Building, Room 209
19 1101 Pendleton Street
20 Columbia, SC

21 REPORTED BY: LORI S. MORTGE,
22 Certified Court Reporter

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1 SENATOR RANKIN: We're going to get
2 started. We have a very narrow window. We have a
3 subcommittee that comes in here at 10:30. We're
4 going to stay as long as we can until we get run out
5 of here. So if you have questions, again, fire
6 away. And, Heather, get us started. Tell us why
7 we're here and then I'm going to do a quick
8 introduction.

9 MS. ANDERSON: Good morning. Y'all are
10 here this morning to ask some questions of
11 Mr. Leaird who the Governor has nominated for
12 appointment to the Santee Cooper Board of Directors.
13 And, of course, Mr. Chairman, if you'd like to have
14 Mr. Leaird sworn in.

15 SENATOR RANKIN: All right, sir. And
16 I'm back and forth -- Leaird or Leaird?

17 MR. LEAIRD: Leaird.

18 SENATOR RANKIN: Leaird, okay. Raise
19 your hand -- right hand, please.

20 CHARLES H. LEAIRD
21 being first duly sworn by the Chairman, testified as
22 follows:

23 SENATOR RANKIN: And who is the young
24 lady to your left? Would that be a court reporter?

25 THE WITNESS: I believe so.

1 SENATOR RANKIN: It's an odd thing that
2 she's sitting there with you. If she's playing
3 footsie with us, how are we going to know that other
4 than you telling us?

5 THE WITNESS: I think there's a
6 partition here, Senator.

7 SENATOR RANKIN: Okay. Good. Good.
8 Before we get started I want to introduce a new
9 addition to the PERC committee who needs no
10 introduction but who has long waited his first
11 meeting and probably thought it would never happen
12 in the light of things that had been going on House
13 and Senate wise related to PERC. Probably it's a
14 miracle that we're meeting.

15 We're glad to have our old stalwart here
16 to my right, but Dan Jones is a new member.

17 Dan, welcome.

18 MR. JONES: Thank you.

19 SENATOR RANKIN: And ever so briefly
20 tell us a little bit about yourself so Mr. Leaird
21 will have some clue who his inquisitor is.

22 MR. JONES: Well, after 39 years of
23 being on that side of the table it looks strange
24 from up here for those of you familiar. I started
25 working in Government relations in '79 so I've been

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 hanging around the Statehouse for a long time. And
2 it's a privilege for me to serve as a citizen and
3 retired. I'm glad I made it without offending some
4 of these people, but look forward to working on
5 these issues in the months ahead.

6 SENATOR RANKIN: All right. Very good.
7 Mr. Leaird, do you have any questions of
8 Mr. Jones -- I'm kidding.

9 THE WITNESS: No, sir.

10 SENATOR RANKIN: You don't get to ask
11 him any -- on the record, at least.

12 All right. Heather -- Mr. Leaird,
13 you've been sworn and we have some questions for you
14 and we'll give you an opportunity either now or
15 later if you have an opening statement that you'd
16 like to make. You do not have to do that, don't
17 encourage that, but you're certainly welcome to now
18 or at the end of these questions.

19 THE WITNESS: Maybe at the end if you
20 don't mind.

21 SENATOR RANKIN: Very good. All right.

22 EXAMINATION

23 BY MS. ANDERSON:

24 Q. Good morning, Mr. Leaird. Could you
25 please state your full name and current address for

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
the record?

A. Charles Herbert Leaird, 1030 Foxridge
Court, Sumter, South Carolina 29150.

Q. We received your complete confirmation
package. Are there any changes or is there
additional information that you'd like to provide
for your personal data questionnaire or statement of
economic interest?

A. No, ma'am.

MS. ANDERSON: Mr. Chairman, if we can
have his edited personal data questionnaire entered
into the record.

SENATOR RANKIN: Madam Court Reporter,
you'll note that for the record. Thank you.

(EXH. 1, Edited Senate Confirmation
Personal Data Questionnaire, was marked
for identification.)

BY MS. ANDERSON:

Q. And we also sent you a set of questions
and received your responses. And if we asked you
these questions today would your answers be the
same?

A. Yes, ma'am.

MS. ANDERSON: Mr. Chairman, if we could
also have those entered into the record.

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
SENATOR RANKIN: So noted.

(EXH. 2, Mr. Charles Leaird -
Preliminary Questions, was marked for
identification.)

MS. ANDERSON: And for a very brief
background summary, Mr. Leaird, he received his
bachelor of science from Clemson -- Clemson
University. He was a CEO for Black River Electric
Co-Op from 1983 to 2015. And he was a CEO of the
Lynches River Electric Cooperative from 1970 to
1982. And prior to his employment with the Co-Ops
he served in the U.S. Marine Corps.

Q. Mr. Leaird, could you describe what you
did as CEO with the Co-Ops? I know there probably
wasn't a typical day-to-day, but provide a little
bit more of the background, the experience.

A. Chief executive officer has to work with
the Board of Directors and also manage all the
functions -- functions of the Co-Op, particularly
employees, public relations, consumer relations.
It's a wide range. Cooperatives -- distribution
cooperatives are small in this state so a CEO has to
do a lot of functions.

Q. And as a housekeeping matter on your
personal data questionnaire on Number 21 you

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 mentioned that while you were CEO of Black River
2 that there was a lawsuit in which you were named.
3 Can you provide a little bit more information as to
4 that?

5 A. There was a consumer dispute and the
6 consumer had an issue about rates. And he ended up
7 suing the Co-Op and myself and the chairman of the
8 board, but it was later dropped.

9 Q. Okay. What experience would you bring
10 to the Santee Cooper Board of Directors that would
11 be beneficial to an energy utility board?

12 A. Well, I think I know the utility
13 business pretty well and I have had relations with
14 Santee Cooper since 1970, way back. And I've always
15 taken a great interest in Santee Cooper. I regret
16 the situation that exists today very much so and
17 I -- I really hope that I will be able to help in
18 some way -- help resolve some of the issues that are
19 going on now.

20 Q. Thank you. If you'll take a look at the
21 preliminary questions and responses that you
22 submitted to us, and I'll go through a few of those
23 questions and get some additional information
24 clarification on those questions.

25 On Page 1, Question A3, you stated that:

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 Santee Cooper needs board members who have a keen
2 interest in protecting the interest of the people
3 and businesses it serves. I also believe that
4 transparency would have prevented some of the past
5 mistakes.

6 Could you elaborate on that, please?

7 A. Well, there have been some issues, as we
8 all know, with the Freedom of Information Act and
9 secrecy. And in a -- Santee Cooper is an agency of
10 the State of South Carolina so it's a government --
11 quasi government. I believe if some of these
12 matters were more available, let's say, to the
13 General Assembly and possibly the Governor and the
14 Governor and the -- the Advisory Board to Santee
15 Cooper, which is the Governor and constitutional --
16 basically constitutional officers, we may not be in
17 the situation that we're in right now. I think
18 transparency is a -- a good thing.

19 Q. Okay. And in Question A4, part of your
20 response was -- the last sentence that you had was:
21 I can't help but wonder where the Board was when the
22 decision was made on Summer 2 and 3.

23 Could you also elaborate on that
24 response as well?

25 A. Well, I recall when -- when those

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 decisions were made, certainly wasn't knowledgeable
2 of the details or necessarily the time frame or the
3 players involved who made the decision, but I never
4 saw -- I was sitting on the Central board at that
5 time and, of course, they were asking us to extend
6 the contract out to 2058 which eventually was done,
7 but I was against that the whole time. Just didn't
8 make any sense to me for a utility, not knowing
9 what's going to happen in the next five years, much
10 less in the next 35 years, to sign a contract that
11 amounted to sign a promissory note on the nuclear
12 plant. And there's a host of other issues -- you
13 know, other points that I can make but it was -- it
14 was a no brainer, in my opinion, not to do it.

15 Q. And I want to state for the record that
16 on Page 2 your question to A7 regarding political
17 contributions in the past five years that you
18 could -- that there was only one that you could
19 recall to Senator McElveen. After a search of the
20 State Ethics Commission web site, I'd like to
21 confirm on the record that there was only one
22 donation made to Senator McElveen in the past five
23 years in your name.

24 On Page 3, Question B4, you stated: I
25 want to see Santee Cooper continue to exist as a

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 quasi-state entity; however, with 8 billion in debt
2 and their assets being much less, it is hard to
3 visualize a model going forward which would not
4 require a heavy burden for the ratepayers.

5 How do you envision Santee Cooper's
6 future?

7 A. Well, let me say that I hope Santee
8 Cooper survives. I was hoping to get around to --
9 to make this comparison and I think what we're all
10 thinking is about a sale of Santee Cooper. And this
11 would be how I would judge the matter from one side
12 all the way to the other.

13 If the State's going to sell -- if the
14 General Assembly is going to sell South Carolina for
15 \$15 billion and the debt's paid off -- this is
16 hypothetical -- and they allowed the purchasing
17 utility to put 15 billion into the rate base, that's
18 not going to help the ratepayers of South Carolina.

19 On the other hand, if they can sell it
20 for 15 billion and pay off -- redeem the bonds, pay
21 the debt off and allow the purchasing utility to
22 only put the debt, eight billion let's say, into the
23 rate base, therefore affording the ratepayers a more
24 reasonable rate going forward than what Santee
25 Cooper would end up with, then that would be a for

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 sale situation in my opinion.

2 Q. Thank you. And kind of in the same vein
3 to that, in the Question B5 and your response was in
4 regard to surplus equipment or property that you
5 think that the Board would be well advised to -- to
6 not sell or lease any assets. And just to clarify,
7 does that also include surplus property or
8 equipment?

9 A. Well, insignificant equipment and
10 surplus would not be an issue, I don't think, but I
11 was thinking more about the substantial assets.

12 Q. Okay. And this is another question for
13 clarification. On B9, dealing with the fuel sources
14 for Santee Cooper, you mentioned that about 50
15 percent consists of gas, nuclear, off system
16 purchases, hydro and renewables.

17 Does -- what does the other 50 percent
18 constitute?

19 A. Well, the latest figures that I've seen
20 still show 42 -- 52 percent coal, and then all the
21 other -- predominantly off system purchases which,
22 more than likely, would be gas and the gas that they
23 use in the Anderson plant is a substantial portion
24 of the remainder. And then there's some renewables
25 and -- and some gas turbines and some landfill gas

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
generation.

Q. What is your opinion regarding the role
of renewable energy in Santee Cooper's energy needs?

A. Well, I think the renewable energy --
and I suppose what we're talking about here in South
Carolina is predominantly solar. It's come a long
way, the price has gone down. The reliability of
the equipment is probably better.

The one big thing you say with the
renewables and particularly solar is the emissions
of the carbon and so forth. That's a -- that's a
good thing. And from a more recent standpoint I
think the future looks bright for renewables in
South Carolina.

Q. And you've already mentioned that one of
the biggest challenges you think that Santee Cooper
currently faces is the amount of the debt and the
lack of assets. Are -- can you name two more
challenges that Santee Cooper is currently facing
and ideas on how to address those challenges?

A. Well, they're facing a tremendous
political challenge right now. You know, things are
not going good for Santee Cooper politically and
that all needs to be healed if it's possible.

And -- and I don't know about the

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 employment -- employee situation at Santee Cooper,
2 but there's only one or two employees left down
3 there that I -- I remember, so they've had a big
4 turnover in employment. I would think that Human
5 Resources would be another primary issue for Santee
6 Cooper.

7 Q. In the question regarding if a company
8 is doing business with Santee Cooper and you're
9 personally acquainted with the company's management
10 or familiar with their line of work, you were asked
11 how would you handle the situation and if you think
12 it could be a benefit or a conflict of interest.
13 And your response was: It could be a benefit or a
14 conflict of interest depending on how the director
15 reacts.

16 Can you elaborate on that, please?

17 A. Well, of course, it would be a conflict
18 if the director tried to achieve personal -- any
19 sort of personal gain. That would be definitely a
20 no-no. But if a director knew someone who Santee
21 Cooper wanted to enter into a business agreement
22 with, let's say a wholesale power contractor or
23 something like that, then it may be -- may be
24 beneficial to have a personal relationship. It
25 couldn't -- it couldn't result in any gains to the

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
director.

Q. Please provide an overview of your view of the role of director on the Santee Cooper board and how was that role different from its executive staff?

A. Well, directors are not employees. They're advisory. And basically the role of the directors is to set policy and -- and do oversight. Of course, they have the task of selecting the CEO. It's -- it's a line that doesn't need to be crossed by the director getting into management activities.

Q. Aside from annual audits by outside firms, what other types of independent expertise should a member of the Board utilize in decision-making?

A. Well, of course, you have to have legal advice on almost every issue basis, but I'm not -- I never have been real big on using consultants. If you don't know what to tell a consultant -- in other words, if you're asking somebody to solve your own problems, chances are it might not turn out too good. I think there's been a lot of consulting done, based on what I have observed at Santee Cooper, that probably hasn't turned out well for them.

CHARLES H. LEAIRD - EX. BY MS. ANDERSON

1 Q. What has your experience been with
2 interpreting financial documents?

3 A. Well, of course, I'm not a lawyer and --
4 but you've got to be able to read a contract to
5 understand it.

6 Q. Does your affiliation with any
7 professional, civic, charitable or other similar
8 organization present a conflict with your
9 appointment?

10 A. No, ma'am.

11 Q. And do you have any direct or indirect
12 business relationships with Santee Cooper or any of
13 its wholesale power customers?

14 A. No. I, of course, know the Central
15 group pretty well and I may know some other people
16 that buy power from Santee Cooper, but I don't have
17 any direct relationship nowadays.

18 Q. Do you have any financial conflicts of
19 interest that can result from your appointment?

20 A. No, ma'am.

21 Q. And if a conflict were to arise,
22 financial or otherwise, what would you do?

23 A. I would certainly excuse myself from any
24 decision-making.

25 Q. Do you have any holdings in any

CHARLES H. LEAIRD - EX. BY MS. ANDERSON
1 electrical utilities or other entities that may be
2 impacted by the decision of the Santee Cooper board?

3 A. Well, I stated I think I own stock in
4 Duke Power Company and Southern Company and there
5 may be some others that I'm not aware of, but I
6 certainly would categorize myself as a standoff
7 investor.

8 Q. Do you understand the obligations and
9 responsibilities of this position?

10 A. I do.

11 Q. What have you done in preparation for
12 serving as a member of the Board?

13 A. Well, I've read all their reports, their
14 up-to-date reports, and I have talked with some
15 people about Santee Cooper and I read the newspaper
16 and I'm aware of what's going on right now. I have
17 all that experience from being active on the Central
18 board and the managing distribution cooperatives. I
19 don't know how you could know more. I'm not
20 bragging but I know -- I know the business.

21 MS. ANDERSON: Thank you, Mr. Leaird.
22 Mr. Chairman, I have no further questions.

23 SENATOR RANKIN: Any questions from the
24 gentlemen at this point? If not, I'm going to kind
25 of jump in here. Do you have anything?

1 REPRESENTATIVE MACK: (Moves head from
2 side to side.)

3 EXAMINATION

4 BY SENATOR RANKIN:

5 Q. Forgive me, I kind of ping pong back and
6 forth. My mind is perhaps like a pinball, so let me
7 go to your question about Number 4 and -- back in
8 your questionnaire preliminary questions. You said
9 I hope they survive; right?

10 A. Yes, sir.

11 Q. You recall that?

12 A. Yes, sir.

13 Q. What does that mean?

14 A. Well, it would be a bad thing for South
15 Carolina not to have a public service authority in
16 existence. You know, they've been around all these
17 years and -- and they've -- they've done a great job
18 with economic development. There's been disputes
19 with the cooperatives, but there was always hope
20 that those disputes would be resolved. I don't -- I
21 don't know of anybody that just wants to see Santee
22 Cooper sold off.

23 But as I stated in my questionnaire the
24 rate -- the ratepayers come first. You know, if the
25 there's an opportunity to sell Santee Cooper and it

1 benefits the State of South Carolina and the
2 ratepayers, I believe it ought to be done.

3 Q. Well, you are -- you are no stranger to
4 a long relationship with Santee Cooper. You, as
5 both Lynch River -- Lynches River's CEO and then the
6 Black River Co-Op's CEO, you are well aware of the
7 back and forth -- the relationship, the marriage
8 that you have -- your previous professional hat that
9 Central enjoyed with Santee Cooper. So this is
10 not -- this is not new to you; right?

11 A. Yes, sir. That's correct.

12 Q. You were asked -- you said you were --
13 it was a no brainer not to do the V.C. Summer
14 decision but Central endorsed that decision and
15 agreed, I guess, by extension of the rates to 2058
16 or thereabouts to pursue this plan; right?

17 A. That's correct. But it was not what
18 they wanted, in my opinion.

19 Q. Well, time has proven your no brainer
20 decision to be the wise decision but, nonetheless,
21 there was an agreement that you and the other Co-Ops
22 pursued with Santee Cooper to go into this project;
23 correct?

24 A. I, personally, did not ever agree --
25 you know, Senator, I fought that thing like a tiger

1 and -- and in the end I was told, well, if we don't
2 do it they're going to -- they're going to go ahead
3 and enter into the agreement and build the plant and
4 charge us for it and amortize it over -- through the
5 end of the existing contract, which I think went to
6 '28 which meant we would have to pay a whole lot
7 more as compared to being spread out to '58. It was
8 a matter of how long you're going to amortize it.

9 I personally think, and I want to
10 emphasize personally, that Central -- if they had
11 been steadfast in their objection might have saved
12 the day. But I also recall -- and this is
13 important -- when -- at a Board meeting Kelly Marsh,
14 who's the top executive with Electric & Gas, came
15 over to Central and someone asked him the question
16 what would you do if Santee Cooper would not be a
17 partner, he said, we're going to go ahead and do it
18 anyhow. We have the financial backing to do it.
19 That was his answer.

20 Q. So your point to that?

21 A. The point is is I don't think a small
22 group of people could have averted the construction.
23 Once it was rolling, it was rolling.

24 Q. And, again, that note, whenever -- what
25 is it? Success has many fathers, failure is a

1 bastard child. Many of us, including the 170
2 members or those who voted for the Base Load Review
3 Act, don't recall perhaps vividly being in support
4 of it. That decision was -- your opposition was
5 certainly the right decision as it turns out.

6 The selling of Santee Cooper, at the
7 outset I harken back to your history with this
8 subject and as a customer of -- the largest customer
9 of Santee Cooper. The political winds that are
10 blowing about Santee Cooper are not different than
11 they were back when Governor Sanford was in office.
12 Do you agree?

13 A. I agree with that.

14 Q. Except they're blowing in a totally
15 different direction now; right?

16 A. Outside of Governor Sanford and his
17 family, let's say, I don't think there was a whole
18 lot of interest in selling Santee Cooper back then.
19 But now the interest in selling Santee Cooper is
20 much broader.

21 Q. And where do you land on that? And not
22 you as the citizen, not you as the former CEO, but
23 you as the -- would-be appointee who is charged by
24 law, which I know you're aware of. If you are
25 successful in this and the Senate confirms you,

1 where do you fall on to or not to sell Santee
2 Cooper?

3 A. I would be against. If I'm confirmed I
4 would be against selling.

5 Q. And why?

6 A. Because I have a loyalty to Santee
7 Cooper.

8 Q. And, again, I'm not --

9 A. I pledge to support them.

10 Q. I'm not going to test you on what that
11 is but you're familiar with it by either literally
12 or in subject that you, as a Santee Cooper director,
13 must discharge your duties in good faith with the
14 care an ordinary prudent person would exercise in a
15 manner you reasonably believe to be in the best
16 interest of Santee Cooper, defined and determined by
17 balancing three factors -- customer interest,
18 economic development of service area and
19 preservation of financial integrity of Santee
20 Cooper. Again, you know that; right?

21 A. I read that a great many times in the
22 last two or three months, but that doesn't mean if
23 everything turns sour and it appears that there
24 would be a better solution that a Board member would
25 blindly support not selling Santee Cooper -- well,

1 let's all -- let's face the facts. The Board of
2 Santee Cooper is not going to play much of a role,
3 if any, in the sale or the preservation of Santee
4 Cooper as I see it. I think that rests totally with
5 the General Assembly and the Governor.

6 Q. Before we changed the law ten years ago
7 it was assumed that the Governor could do it. But
8 we changed the law that allows only now the General
9 Assembly to have that right; correct?

10 A. Yes, sir. That's correct.

11 Q. And you recall, again, back in the day
12 you worked -- you were on Central when? When did
13 you...

14 A. When I retired, Senator, I was the
15 longest serving member that had ever been on the
16 Central board. I was on there for 45 years.

17 Q. So what -- I'll call it going off-line,
18 some would call it rogue behavior of some of the
19 Board members back in the day. We won't name names,
20 but those who either with the blessing, with a wink
21 and a nod of the Governor or his family played
22 footsie with the credit rating agencies, Credit
23 Suisse particularly, with an eye towards evaluating
24 its potential sale. So fast forward to today and
25 you've been -- your Question Number 3 answer: I

1 believe that transparency would have prevented some
2 of the past mistakes.

3 Do you particularly cite or take issue
4 with any of the Board members or their action or
5 behavior with the lens of what their duty is and
6 what your duty will be if you're confirmed?

7 A. Going forward?

8 Q. Looking back.

9 A. Looking back.

10 Q. You had made the answer to Question 3,
11 again: I also believe that transparency would
12 prevented some of the past mistakes.

13 Are you citing not -- not trying to name
14 names, but what conduct that has been violated by
15 corporately the Board that you think calls into
16 question their transparency?

17 A. Yes, sir.

18 Q. Or their fiduciary duty?

19 A. Yes. Let me -- let me explain it this
20 way. As I recall when the Santee Cooper people came
21 to Central and told them that they were going to
22 enter into an agreement with Electric & Gas as a 45
23 percent partner to build a nuclear plant, the
24 decisions were already made to do it. Central did
25 not have any -- in my recollection Central did not

1 have any input into the decision to do it. They
2 came to Central and said we need you to extend this
3 contract so we can get -- we can borrow money to do
4 it, is basically what it amounted to.

5 I certainly think if -- in the
6 generation planning phase of Santee Cooper if it had
7 been more transparent about what their intentions
8 were that situation -- the predicament we find
9 ourselves in today may not -- make it a better
10 burden.

11 Q. Not to belabor the point, but what
12 specifically are you citing that could have been
13 averted that had they done it with more transparency
14 we could have averted? Do you have an example that
15 you're pointing to?

16 A. No specific -- specific example,
17 Senator.

18 Q. The question of debt in your -- again,
19 you rated that as the Number 1 issue. Answer 10,
20 the biggest challenge being the \$8 billion debt and
21 adverse effects from the debt.

22 Are you -- if you have it I would
23 commend you to reading it, the Moody's report issued
24 February 26, 2018 that specifically addresses the
25 financial stability and rating -- credit rating of

1 Santee Cooper. Are you familiar with that Moody's
2 report?

3 A. I'm familiar with the flier that they
4 sent out, but I haven't read the report.

5 Q. Well, the \$8 billion in debt in terms of
6 its -- Santee Cooper's leverage historically --
7 again, but for taking on V.C. Summer 45 percent, if
8 you can back that out which is, again, an incredible
9 hypothetical, has Santee Cooper not always been very
10 heavily leveraged?

11 A. They -- I'm -- and I'm not certain about
12 this, it's just my personal recollection. They
13 never had a strong net worth. In other words,
14 they -- they have been leveraged, that's correct.
15 And that's been their theory, you know, to stay
16 leveraged, I believe.

17 Q. Because they don't have to issue --
18 they're not issuing capital. It is, as you say, a
19 quasi --

20 A. That's correct.

21 Q. So they don't -- they have borrowing
22 capacity. They can't go to the market and raise
23 capital and sell a private equity -- private shares;
24 right?

25 A. Would you mind repeating it?

1 Q. We're on the same page on that. And
2 this is -- I may be far in the weeds but -- I guess
3 the question is there's a sense someone could call
4 it a false narrative, some could call it an accurate
5 narrative, that Santee Cooper cannot survive under
6 its existing financial structure that is teetering
7 on the brink of collapse. And, again, I'm
8 paraphrasing but there's two different camps on
9 this. Where would you -- if you had an opinion on
10 that, where would you fall?

11 A. In a market -- market conditions and
12 rate comparability, market conditions and rate
13 comparability has a lot to do with the utility
14 business. In other words, if a consumer says that I
15 can buy from Electric & Gas cheaper than I can buy
16 from Duke Power Company, which is actually opposite
17 right now, but that puts pressure on the higher
18 utility to have a good relationship with the
19 consumer, let's say.

20 Going specifically right to the question
21 that you asked me, I do think there is a path that
22 Santee Cooper could survive with the debt that
23 they've got. It's going to be very difficult. But
24 if you look at the rates that they have right now
25 they're not -- not all that bad, you know. They're

1 pretty much the same as Duke Power Company.

2 Q. And there's been talk of having to raise
3 that rate -- and if you can't hear me at any
4 point --

5 A. I can hear you.

6 Q. Okay. There's been talk of raising the
7 rate to go seven percent, I've heard perhaps nine
8 percent over the balance of the term of the bonds.
9 Have you got an opinion of whether that is a viable
10 decision and, again, whether that would comport with
11 any credit rating agencies' opinions?

12 A. Well, they traditionally have had one
13 and a half times debt service coverage to -- to get
14 the bond rating that they've got. And they've got
15 to keep that effort or the bond ratings are going to
16 go down. They're leveraged up to the top, Senator,
17 in my opinion.

18 Q. The political challenge which you say,
19 again, in answer to Question 10 earlier was -- the
20 second biggest is the political, again, challenge
21 which we've touched on. I'm curious, you have been
22 nominated by a governor who makes no secret of the
23 fact, repeatedly to the public, that the only path
24 forward for Santee Cooper is to sell it. Do you
25 agree with his opinion and, if not, where do you

1 disagree?

2 A. Well, the Governor never asked me what
3 my position was. The only thing the Governor ever
4 asked -- asked me was my qualifications. He didn't
5 indicate that he was talking to me one way or the
6 other about his desires to sell or not sell. So,
7 frankly, I don't know where the Governor is. I'm
8 just going to be honest with you. So it wouldn't be
9 proper for me to say whether I agree with him or
10 not, Senator, in my position right now.

11 Q. Well, I'm going to disagree with you
12 because you -- while you have been nominated by him
13 as you at the outset said what you read in the
14 papers. I guess my particular question is, have you
15 had a discussion with Governor McMaster about his
16 intentions to sell this and your position and
17 whether you agree with him or not?

18 A. No, sir. He has not brought that
19 subject up with me.

20 Q. Okay. You said that you had discussed
21 in preparation for today's hearing and/or this
22 nomination process or confirmation process with a
23 number of people. Who have you discussed in
24 preparation for today or this process? Who all have
25 you discussed your nomination with?

1 A. I talked -- I've talked with Central
2 people a little bit, just curious as to know what
3 their positions were. They did not divulge to me
4 in-depth their business. I've talked with the
5 Association of Electric Cooperatives a little bit,
6 they didn't say much except they supported my
7 candidacy.

8 I've talked with some people at Santee
9 Cooper, I've talked with some Santee Cooper board
10 members, and basically what I've told all three is
11 that I'm in the middle. I'm not committed one way
12 or the other. If I get to serve, if the Senate
13 confirms me, I will serve with an open mind and in
14 the best interest of the ratepayers of South
15 Carolina. I'm not hooked to anybody.

16 Q. And I appreciate that answer because,
17 ultimately, again, going back to your qualifications
18 your loyalty, your fealty does not lie with the
19 Governor. It allies -- or lies upon or rests with
20 the best interests of Santee Cooper. Again,
21 customer interest, economic development of the
22 service area and preservation of financial integrity
23 of Santee Cooper. That's your gold star, that's
24 your pillar that you're to follow, not the political
25 winds of this group who a decade before is to

1 preserve it/a decade later to sell it. Do you
2 agree?

3 A. I agree.

4 Q. Your -- tagging back again to my
5 invitation of ping pong or pinball, I'm guilty of
6 it, but specifically Question Number 4. You -- you
7 answered: It is hard to visualize a model going
8 forward that would not require a heavy burden for
9 the ratepayers.

10 Do you think -- again, with your
11 experience in this industry, that there is a free
12 lunch and that we should be able to walk away from
13 the debt without some consequence?

14 A. No, I don't believe that.

15 Q. So what -- how do you define what makes
16 the heavy -- the burden heavy for the ratepayers?
17 Is there a particular percentage going up?

18 A. Well, the debt service is X amount,
19 whatever it is, on \$8 or 9 billion. That's a direct
20 ongoing expense, it's got to be put into the rate
21 base. If it were less, it would be less. The rate
22 would be less -- in theory.

23 All these years Santee Cooper's had one
24 tremendous advantage. They've had very little in
25 lieu -- payments to the State in lieu of income tax,

1 they've not paid much property tax, they've had a
2 tremendous advantage in selling bonds. I looked at
3 the overall cost on the bonds outstanding and it's
4 in the neighborhood of three and a half percent.
5 They've done a great job, you know, placing their
6 bonds at a very low rate. Their commercial rate is
7 even lower than that. We should have a very good
8 electric rate from Santee Cooper with all those
9 breaks.

10 Q. And is that -- do you disagree with
11 that as the history and that is the charge and the
12 advantage? I mean, is that a bad thing?

13 A. No, sir. That's not a bad thing, it's a
14 good thing. But I'm saying it should have showed up
15 on the bottom line.

16 Q. And do you think that it has not shown
17 up on the bottom line?

18 A. Not as much as -- I've never -- in my
19 experience on the Central board there's not been a
20 high degree of satisfaction that they were charging
21 the right rates.

22 Q. And I'm chasing a rabbit. Take me down
23 that rabbit hole. What -- what do you mean?

24 A. Well, you know, if you're buying
25 insurance from State Farm and they send you a \$900

1 bill for your automobile and you think it's too
2 high, I guess any consumer buying it would be
3 natural for individual distribution cooperatives to
4 think that the rate that they were getting from
5 Santee Cooper may be too high. Significantly I
6 don't think that we were ever real comfortable,
7 let's put it this way, with the rate-making process.

8 Q. And that which has been factored into
9 the -- whatever the contract would send it into
10 2058, the Intergovernmental -- what is your term for
11 that?

12 A. They call it the Coordination Agreement,
13 I believe. They -- the Central position was it
14 achieved some advantages like -- you know when
15 you're buying the cost of service contract it's just
16 like -- you know what that is. So I think they
17 thought that they were able to achieve some
18 parameters as far as the cost was concerned, let's
19 say, and maybe some other things. But in hindsight,
20 of course, it was not beneficial.

21 Q. And, again, one little further step down
22 this rabbit hole chase. Your rates -- not yours but
23 your predecessor's rates would be higher than the
24 Santee Cooper residential rate; correct?

25 A. Yes, sir. I believe it always was.

1 As -- as close as we could manage Black River we
2 never could get it right down to the bottom line
3 where Santee Cooper was. But Santee Cooper's
4 residential business is vastly different from the
5 electric cooperatives' residential business. Santee
6 Cooper -- I don't know what their density is along
7 the Coast, and you know very well where it is, it's
8 very high as compared to any other power company in
9 South Carolina let's say. So they had this
10 advantage of all the watermelons in the truck, you
11 know, whereas the electric Co-Op has to struggle
12 with seven or eight or nine members per mile. The
13 discharges are much greater.

14 Q. The conversations with folks in
15 preparation of this, you cited a number of \$15
16 billion as in two scenarios of that as a price.
17 Where did that figure come from?

18 A. I read that in the newspaper. That's
19 NextEra's offer as been reported in the newspaper.
20 I don't have any factual basis for that.

21 Q. Because reading it in the paper don't
22 make it so necessarily; right?

23 A. Well, even -- you've got to be careful
24 these days.

25 Q. So have you had any conversations with

1 anyone from NextEra?

2 A. No, sir.

3 Q. Or any other would-be buyer?

4 A. No, sir.

5 Q. All right. And you gave two scenarios,
6 one that would if the 15 billion was put back into
7 the rate base that would not be a check or a
8 positive for the ratepayers, the second if the \$8
9 billion debt was put back into the rate base --
10 flesh that out a little more for me. How are you
11 deciding on one is a good and the other is a bad?

12 A. I was just using that as an example.
13 Moreover -- let's put it this way. If a power
14 company -- an out-of-state power company comes in
15 here and buys Santee Cooper and as they would put
16 all their costs into the rate base, I don't have any
17 reason to believe that they could manage Santee
18 Cooper better than Santee Cooper could. So if we
19 end up with the same rate to the ratepayers, that's
20 an advantage.

21 Q. Those rates are going to go up?

22 A. I know. Senator, they've gone up all my
23 life -- every ten years, let's say. They have to
24 have a rate increase. When you're in the utility
25 business and rates were going down, I often said a

1 monkey could run a utility. But you're in the
2 utility business and the rates are going up, that's
3 when it gets tough.

4 Q. The two final areas --

5 SENATOR RANKIN: I feel like I need to
6 apologize to the chairman because I'm just talking
7 and talking and talking. Y'all jump in if you have
8 any questions or leave if you're tired of me asking
9 my questions.

10 Q. Mr. Leaird, perhaps more acutely to you,
11 I'm almost done. Economic development, we have not
12 talked about that. Do you have page and verse
13 examples of -- Exhibit A, B, C examples of positive
14 impact that Santee Cooper has had in the State of
15 South Carolina with regard to that second marker,
16 that being economic development?

17 A. Yes, sir. Santee Cooper has always been
18 a positive player with economic development and they
19 had a close association with electric Co-Ops in that
20 regard and they provided incentives which is
21 important. I don't know that -- I don't know how
22 they're justified, but they are important.

23 I had an opportunity a while back when I
24 was managing Black River, we had located two
25 Caterpillar plants in Sumter. And we went up to

1 York, Pennsylvania and -- along with members of the
2 Palmetto Economic Development Corporation and Santee
3 Cooper and represented the State of South Carolina
4 and ourselves very well and were able to make a deal
5 and get that business and it meant a lot to the
6 people who work in Sumter, South Carolina, that
7 specific example.

8 Anything that any utility can do to help
9 locate an industry and keep an industry in South
10 Carolina is a good thing. Of course, there's always
11 a limit as to how much resources you could put into
12 it.

13 Q. And, again, in your \$15 billion if the
14 rate is -- that's put back into the rate base,
15 hypothetical, the ability for a would-be buyer --
16 and, again, we only have on the table effectively
17 one offer, that being from NextEra who is based in
18 Florida, do you have any concerns whether they could
19 fulfill the duty or the past history of economic
20 development for the State of South Carolina?

21 A. I don't have any real reason to doubt
22 that they would not be good or -- I just don't think
23 that managing a South Carolina business from
24 Tallahassee or wherever they're located would do as
25 well as managing it from Moncks Corner.

1 Q. Okay. Consultants. You mentioned that
2 if you have to hire a consultant, you know, again
3 it's not -- you're not managing it well -- something
4 to that effect.

5 A. Well, here's the problem with
6 consultants in my opinion. You don't know -- let's
7 say you were going to hire a consul -- a consultant
8 to help us understand this problem or help us solve
9 this problem and the consultant comes and he
10 assesses the situation and gives you an opinion.
11 I've seen cases where that didn't work very well.

12 My position is if you know -- if you
13 know your business, you know what the problems are,
14 you have the resources to do it, come closer to
15 solving the problem than a consultant can.

16 Q. Is there a particular example of a
17 recent employment of a consultant that has peaked
18 your interest in your noting that to us today?

19 A. No, sir. That's experience from over
20 the years.

21 Q. How does that relate to Santee Cooper,
22 though?

23 A. Well, I think they've relied -- based on
24 my opinion with -- excuse me. Based on my
25 conversations with some of the other Board members,

1 I think they relied heavily on the use of
2 consultants.

3 Q. And who have they indicated --

4 A. They didn't name --

5 Q. What type consultants?

6 A. They didn't name one, Senator. It's --
7 you know, I know that they engaged consultants
8 today, you know, you read that in the paper. You
9 may know more about it than I do, I'm sure you do.

10 Q. You're talking about the press release
11 yesterday of Clear View or Clear somebody?

12 A. Yes, sir.

13 Q. Who was hired by Santee Cooper?

14 A. To help them evaluate what the business
15 was worth and possibly to advise them on a sale.

16 Q. Do you think that that is a violation,
17 if that is a Board decision, of their legal
18 fiduciary duty to the ratepayers?

19 A. I don't know. I can't answer that
20 question.

21 Q. What would you need to know to form an
22 answer to that question? What information would you
23 need to know?

24 A. I need to have a better understanding of
25 the law.

1 Q. With regard to your fiduciary duty or...

2 A. No, with regard to the General
3 Assembly's responsibility.

4 Q. And, again, just a rabbit chase here,
5 what -- what -- what makes your answer one way or
6 the other? If the law is X then you're aware that
7 the law is Y, you're where?

8 A. Well, I believe the Governor's
9 questioned the fact that it would have been
10 better -- I think he stated in the newspaper, for
11 whatever that's worth, that it would be better for
12 the General Assembly to make that decision to hire
13 the consultant rather than Santee Cooper do it. I
14 don't know whether that's right or not.

15 Q. If there is -- and no doubt there is not
16 any question about the Governor's position on
17 selling Santee Cooper. But if there's a doubt, if
18 there's some preconceived notion that 170 members of
19 the General Assembly want to sell Santee Cooper, the
20 best offer come as they may, is it not in your
21 charge under the law, existing law, in your
22 fiduciary duty to have some sense of weighing one
23 offer versus another? Though it is not your
24 decision as a Board member to sell or not to sell,
25 do you think that that's a violation of a fiduciary

1 duty for you as a Board member --

2 A. No, I don't.

3 Q. -- for the ratepayer?

4 A. No, I don't. I'm just questioning
5 whether my own judgment -- staff judgment and other
6 Board members' judgment would be less than -- than
7 that of a consultant. That's where I was coming
8 from on that issue.

9 Q. We -- you may not be but you're familiar
10 with, again, the political winds of all things
11 Santee Cooper/V.C. Summer. And myself and others
12 have been charged to study this subject, again
13 SCANA, SCE&G and Santee Cooper. And I don't recall
14 the date but we were in the kind of wrap-up session
15 and there was discussion of an evaluation that
16 someone in the General Assembly has commissioned to
17 appraise the value of Santee Cooper. That \$15
18 billion figure that you offered that you have
19 divined from the paper or read in the paper has some
20 basis from some reports, somebody, some spoken word
21 perhaps.

22 At that hearing I made the motion that
23 Santee Cooper should have the ability to do the very
24 thing to appraise its own value in my efforts to try
25 to look out for the ratepayer. Do you think that

1 that is a wrong opinion, that my view of that is off
2 base, if you understand my question?

3 A. I understand. It depends on the
4 consultant and I think what I was trying to point
5 out, the point I was trying to make, Senator, a
6 consultant walks into the room, you've got to be
7 able to sit down and say this is what we want you to
8 do. Then the next thing that happens is he says, I
9 need answers to all these questions. It might take
10 him a month to come up with all the answers.

11 Well, you've got that in your
12 possession, management knows about it. Those
13 answers -- they give the answers to the consultants.
14 Why is it not in our best interest to make our own
15 decisions rather than relying on the consultants?
16 I'm not saying a consultant is always bad, but I'm
17 just saying I wouldn't -- I wouldn't put all my
18 rate-making -- or decision-making facts in the court
19 of the consultant.

20 Q. And I recall the longtime familiarity
21 with what you have been acutely aware of, and I
22 think there was some effort long ago for a cost of
23 service analysis that you, on behalf of Central,
24 either successfully persuaded Santee Cooper to
25 obtain or were chagrinned when they didn't do it.

1 Do you recall that?

2 A. There was a cost of service analysis
3 done on their residential business.

4 Q. That's been eight, ten -- however many
5 years?

6 A. Yes, at least.

7 Q. Okay.

8 A. Maybe 15.

9 Q. And that was done by some consultant?

10 A. I don't think so. I -- could have been
11 a consultant involved, but I think Santee Cooper
12 finally gave the figures -- you know, Central can do
13 that. They have the ability to do that.

14 Q. I -- forgive me if it appears that I'm
15 trying to pick on the subject of the consultant, but
16 it seemed more relevant given the news release
17 yesterday of an employment of a consultant on
18 evaluation of Santee Cooper. So as you know, if
19 you've read the paper in the last few days, the
20 Senate employed a consultant to help us to determine
21 what rate the interim rate could be set at that
22 SCANA is charging its customers. Paige White was
23 employed by the South Carolina Senate to come up
24 with that view because, admittedly, we are way in
25 over our heads on that subject and whether that

1 opinion is credible or not can be debated beyond.

2 But that was an example of us needing help that we
3 are not capable --

4 A. Right.

5 Q. -- of performing on our own. Back to
6 this employment of financial evaluation by Santee
7 Cooper, do you have an opinion as to whether that
8 was a prudent decision and that you, within your
9 obligation and your fiduciary duty, that you would
10 have agreed with or disagreed with if you were
11 consulted as a Board member about the decision to
12 employ them?

13 A. I would -- if I were a sitting member of
14 Santee Cooper's board, I'd have an opinion on that.
15 I certainly wouldn't have done it in the executive
16 session. There's rate consultants all over the
17 place, Senator, and they have formulas that they go
18 by and they're all the same. I mean, you just put
19 the numbers in and turn the crank and it's not a
20 mystery, you know. I know that the Senate
21 wouldn't -- or your staff wouldn't be capable of
22 doing it, but there is -- must be 100 consultants
23 close by that can do it. All these power companies
24 can do it.

25 Q. But that's specifically as to rates

1 you're talking about or in general as to valuation?

2 A. Well, rates -- I was speaking of rates
3 there.

4 Q. That's not what Santee Cooper's done.
5 Clear View -- is it Clear View -- Clear somebody.

6 A. Yes, I read that. Yes, sir, I read
7 that.

8 Q. Is that a rate analysis?

9 A. I was not familiar with it. I don't
10 know.

11 Q. A Moody's investor service, a Moody's.
12 Is that a consultant, again, of a different ilk or
13 is that somebody that we should give heed to, their
14 opinions? Is it...

15 A. I don't know. I couldn't -- I can't
16 answer that. I just don't know enough about them.

17 Q. Okay.

18 A. There is some law in South Carolina
19 about how you evaluate a utility, about -- if one --
20 for instance, if a municipal kicks out a Co-Op and
21 the Co-Op has to rebuild or partial plan and lose
22 customers and all that sort of thing, there's a
23 standard that you go by to determine the damages.

24 SENATOR RANKIN: Okay. All right.
25 Representative?

CHARLES H. LEAIRD - EX. BY REPRESENTATIVE MACK
REPRESENTATIVE MACK: Mack.

SENATOR RANKIN: I know who you are.

REPRESENTATIVE MACK: Thank you,
Mr. Chairman. A quick question and a very, very
quick commentary that you can respond to if you'd
like.

EXAMINATION

BY REPRESENTATIVE MACK:

Q. The question is -- you touched on some
of it. Going forward, what with your experience do
you believe we should do? Because, again, it's a
very complex area and I've used the term many times
in these meetings and with the media that in my
estimation, and I think in everybody's estimation,
we're not going to quote, unquote, make the
ratepayer whole, that's not going to happen based on
what has happened. But going forward, your thoughts
pragmatically on what we should do?

A. What we should do, do you mean the
General Assembly?

Q. For the ratepayer -- no, with regards to
everyone in this. The General Assembly, the Board,
with regards to your position, your philosophy, with
your background, what do you believe should be done
for the ratepayer?

CHARLES H. LEAIRD - EX. BY REPRESENTATIVE MACK

1 A. Well, you can't be frugal in managing
2 your business unless you manage -- you've got to
3 imagine you've heard the old phrase you've got to
4 manage the pennies before you manage the dimes and
5 the quarters and the dollars and you get on up the
6 figures like has been discussed here.

7 Santee Cooper in the future has got to
8 make sure -- and I'm not inferring that they haven't
9 done this in past. I'm just saying in the future
10 they've got to make every dollar count, and they
11 certainly cannot make any more mistakes like they've
12 made in the past. You know, we've talked about the
13 nuclear thing here this morning, there was the
14 other -- the other situation where they tried to
15 build a coal plant over there and that failed.
16 That's the type of mistakes that they cannot afford
17 to make in the future. And they need a board that
18 will be very vigilant as far as their spending is
19 concerned.

20 Q. And my very, very quick commentary as
21 relates to consultants. I'm of the belief that
22 consultants in anything that you have them in, you
23 make the decision who's going to come in and how
24 much advice you're going to take from them if any.
25 Hundred percent, 50 percent, ten percent, zero --

CHARLES H. LEAIRD - EX. BY MR. JONES

1 and even if it's five to ten percent, that might be
2 a significant five or ten percent; but, at the same
3 time it's the responsibility of that entity -- in
4 this case we're talking about Santee Cooper. It's
5 their responsibility ultimately, and you've said it
6 many times, to make the decision, to make the call,
7 to watch the dollars, to decide what direction we're
8 going to go and how we're going to get there.

9 But I think in terms of consultants --
10 of course we live in a global society now, just not
11 only somebody from this country but anyone with
12 expertise -- but the decision has to be made with
13 Santee Cooper or whomever that entity is how much,
14 if any, of that information they're going to get
15 from consultants. So I don't think we should just
16 rule out consultants but you have to be very, very
17 careful with regard to the bottom line how you're
18 going to use any of that information if at all.

19 A. Representative Mack, that's exactly the
20 point that I was trying to make.

21 REPRESENTATIVE MACK: Okay.

22 SENATOR RANKIN: All right. Mr. Jones?

23 MR. JONES: Thank you, Mr. Chairman.

24 EXAMINATION

25 BY MR. JONES:

CHARLES H. LEAIRD - EX. BY MR. JONES

1 Q. And thank you for your service and I
2 might say your willingness to serve. The -- this
3 question that -- I only had one but it may open up
4 another can of worms and we'll have to defer. You
5 were on Central's board for a long time -- still
6 are?

7 A. No, sir. I'm not on it now.

8 Q. You were for a long time?

9 A. That's correct.

10 Q. When the decision was made to build VC1,
11 what was different? What changed things? That was
12 a partnership, agreed upon. Were you in favor of
13 that, to build a joint -- joint ownership?

14 A. I don't remember any discussion about
15 that, Mr. Jones, but one of the things I said about
16 2 and 3 we would be a lot better off if we had just
17 built 1 instead of 2. I believe that the V.C.
18 Summer 1 was built somewhere around 1980, in that
19 time frame. There was a more favorable attitude
20 toward building a nuclear plant amongst the public
21 than there is now, and they had a tremendous problem
22 with building that first plant. You remember they
23 had all kinds of work stoppages and work-related
24 abuses and delivery problems -- same problems that
25 happened right now.

1 Q. That's why I wondered.

2 A. You recall that and I do, too.

3 Q. Why -- why go back and do it again?

4 A. Well, that's a good question.

5 Q. Of course, I'm looking back.

6 A. That's a great question.

7 Q. But I -- I feel like -- and you brought
8 up transparency. And the partnership seems to lack
9 some communication -- or a lot of communication
10 among the co-owners. I just wondered if you
11 could -- I don't guess you would bring it to one
12 issue, but there's a huge difference in the
13 cooperation it seems. I mean, things that I've read
14 in discovery are incredible.

15 EXAMINATION

16 BY SENATOR RANKIN:

17 Q. Okay. Mr. Leaird, I appreciate your
18 hanging out here with us and the -- we were just
19 pulling up the press release yesterday about this
20 group to confirm the name of it. Centerview
21 Partners, hired in part to help, quote, seek
22 settlement recoveries from SCANA. Again, the press
23 reporting this: Financial advisers also agree to,
24 quote, participate in negotiations between the
25 utilities. Contract released Wednesday floats

1 possibility of a cash settlement or other kind of
2 arrangements such as discounted electricity.

3 And that, again, in the vein of a
4 consultant being hired. And I have heard, as you
5 mentioned, the fact that that was done in executive
6 session as a big problem. Governor McMaster cites
7 apparently the law that prohibits, as we talked
8 earlier, about the Sanford era days of the Board
9 privately pursuing negotiations of a sale that they
10 not inquire into the feasibility of the sale of its
11 assets is the mandate of the 2005 law that, again,
12 we're talking about here. That, again, makes it
13 clearer not at all to me what the purpose of their
14 role is here.

15 So I'm going to ask you a couple of
16 things and then let you close it, if you want to
17 make some closing statements, and unless there's
18 other questions we'll wrap this up.

19 So, again, do you have a position any
20 differently now, after this long conversation, on
21 the sale of Santee Cooper and the opinion you stated
22 earlier?

23 A. Well, I knew I was going to say too much
24 when I came in here, that's just my nature.

25 Q. You haven't, let me assure you. For my

1 purposes you have not; otherwise, I'd quit talking
2 and ask you questions if you said too much.

3 A. I can't take my Co -- Co-Op and cut it
4 off and throw it in the trash, you know. So a lot
5 of my experience and opinions come from that. You
6 know, the best way to leave it is we've got to be in
7 favor of doing the best we can by the ratepayers.
8 We've got to go back to the basics and see where we
9 can make some progress. I don't have anything that
10 I would change.

11 Q. So your opinion is that it should not be
12 sold?

13 A. Well, it shouldn't be sold for a get out
14 of business price. I'm saying if -- I would work
15 diligently not to sell it. But if it appeared that
16 it was in the best interest to the ratepayers, in
17 other words, they're going to give them a cheaper
18 rate and better service, you know, the question
19 about the rates, Senator, all that is in play, I
20 just don't see Santee Cooper going away. I hope
21 not. But some -- if the General Assembly voted to
22 sell Santee Cooper, I would more likely side with
23 the General Assembly.

24 Q. Well -- and, ultimately, it isn't your
25 decision, but your answer that you would pursue your

1 diligence or, again, whatever the exact words you
2 said to not put in a position to not sell it is all
3 that we can ask of you because, ultimately, you
4 won't decide. 170 members --

5 A. That's right.

6 Q. -- of the General Assembly will.

7 A. That's right.

8 Q. You invoked the coat -- the Co-Op coat
9 and -- which no one would ever ask you to take off
10 your past, your experiences define who you are. Is
11 there a conflict, in your view, of your historical
12 coat that you wore and Santee Cooper? And if there
13 is -- you were asked earlier in the general sense a
14 conflict, what would you do? We know what --
15 everyone would recuse, denounce, et cetera,
16 particularly with Central and Lynches and Black
17 River. Do you see any conflict of your ability to
18 carry out your fiduciary duty on behalf of the
19 ratepayer?

20 A. No, sir. I think all the Co-Ops are
21 asking for is a fair deal, a level playing field.

22 Q. Okay.

23 A. They don't want to harm Santee Cooper.

24 Q. Anything you'd like to say in closing?

25 A. I had some things I wanted to say but I

1 think I'll leave it where it is.

2 It's just one other thing that troubles
3 me a little bit is all these lawsuits that are
4 flying around. You know, everybody's got everybody
5 in a suit. And one of the reasons in this hearing
6 that I wanted to state what my position was way back
7 about the building of the nuclear plants is I don't
8 want to get sued in this matter. You know, I want
9 to make sure that I have my little retirement nest
10 egg when I meet my maker.

11 Q. And you mean, for the record, personally
12 sued, not as the Board or not as the Santee Cooper
13 who is in litigation now?

14 A. Sir, say again, please?

15 Q. You're stating that you were against
16 V.C. Summer, you fought like a tiger and I think you
17 earlier way back said that you were against this.
18 Your not wanting to be sued is in the context of
19 you, personally, as a would-be board member?

20 A. That's correct.

21 Q. Because you know you are in litigation
22 now -- not you, but Santee Cooper is in litigation?

23 A. I do know that.

24 Q. With the world, with Central, and not --
25 and SCANA, et cetera, et cetera, et cetera. But,

1 again, yours is from a personal --

2 A. That's correct.

3 Q. -- standpoint, which who would argue
4 with you on that?

5 A. That's right.

6 Q. With that as the context you are walking
7 into it freely, willingly and voluntarily, you want
8 to do this still?

9 A. Yes, sir. I do. I've thought about it
10 a good bit. I do want to do it.

11 Q. And I appreciate your -- as Mr. Jones
12 said at the outset of his comments, I appreciate
13 your willingness to do this. You are walking into
14 perhaps the most volatile, the most odd, most
15 political trauma that this state has seen that makes
16 the 2005 era with Sanford's appointees and their --
17 their rogue behavior look tame. And so your
18 willingness to do this, God speed to you. You're
19 going to have to have Solomon's wisdom as your
20 guidepost as well as the law so with that, unless
21 there's any comments, anything further you'd like to
22 add? Otherwise we'll close.

23 A. No, sir.

24 SENATOR RANKIN: Thank you, Mr. Leaird.

25 THE WITNESS: You're welcome.

(The preceding was concluded at 11:23

a.m.)

CERTIFICATE OF REPORTER

STATE OF SOUTH CAROLINA

SS:

COUNTY OF LEXINGTON

I, Lori S. Mortge, Certified Court Reporter and Notary Public in and for the State of South Carolina at large, do hereby certify that the above-entitled cause was heard as hereinafter set out; that I was authorized to and did report in shorthand the proceedings and evidence adduced and offered in the said proceedings, and that the foregoing and annexed pages, numbered 2 through 55, inclusive, comprise a true and correct transcription of my stenographic report of the said cause taken during the said hearing.

In witness whereof, I have hereunto affixed my signature this 30th day of March, 2018.



Lori S. Mortge, CCR

Lori S. Mortge, CCR and Notary Public
My Commission Expires: 12/13/26

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