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Columbia
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The House of Representatives

P.O. BOX 11867
Columbia 29211

November 12, 2015

The Honorable Nikki Haley
Governor, State of South Carolina
PO Box 12267
Columbia SC 29211

Dear Governor Haley:

For years, Berkeley County had large capacities of power and water. Because we could furnish low cost power and water, industries came to our county. Reports have stated that it is not the lack of power but the cost of power that is now constraining the county.

Berkeley County was the leader in producing low cost power. What has changed that caused our power producers to let our county fall behind in furnishing low cost power? There are certain regulations that interfere with the growth of our industry and commercial business. We should modify or change the regulations. They can be made without a large cost to South Carolina government. However, the Federal government regulations would be very difficult to change.

I could only conclude that the scheduling of the shutdown of the coal plants, before having the nuclear reactors ready to produce power, was the cause of the reductions in power. It is my opinion that power producers in our region did not plan for the rapid growth in our tri-county area and the state.

The shortage in low cost power was recognized approximately ten years ago when Alcoa began to look out of state for low cost power. For the last two years, Santee Cooper has bought power from a company in Alabama to supply Alcoa. The history of SC Electric and Gas and Santee Cooper managements' plan to increase the capacity for future growth, a list of what problems they ran into, and the rate increases over this period should be reported. It is my opinion that the study will show the need for the reactors, but also that poor management of the nuclear reactors projects was the reason for not being on time. If this project had been managed correctly and on time, it would have kept the Century Aluminum Plant from shutting down. If

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Century were able to continue until the reactors came on line, they would have low cost power and a lot of capacity.

No other power user should be treated any differently. When our manufacturing companies are put in a financial squeeze, we must do all we can to help them manage their cost during this period. If we managed our business community in this manner, it would not cause them to relocate to another country.

In a letter sent to you, dated October 9, 2015, I asked for your help in investigating an increase in power rates granted by PSC to South Carolina Electric and Gas. It was stated by the PSC that they allowed the rate increase because of the Base Load Review Act. My review of the Act (Section 58-33-220-4) states *"If a plant is constructed in accordance with an approved construction schedule, approved capital costs estimates, and approved projections of in-service expenses, as defined herein, the plant is considered to be used and useful for utility purposes such that its capital costs are prudent utility costs and are properly included in rates."* It is my opinion that the nuclear reactors project did not meet these requirements as pointed out in my letter of October 9, 2015.

Once again, on behalf of the citizens of Berkeley County and the tri-county area of the Lowcountry, I am asking for your help and support to review the actions of SCE&G, Santee Cooper, and the Public Service Commission as it relates to the above matter.

Sincerely,



William E. (Bill) Crosby

CC: Joel Millman, State Govt & Politics Editor, Post & Courier, 134 Columbus St, Charleston SC 29403