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**On**

**NUCLEAR REACTOR ADVANCED COST RECOVERY IN FLORIDA**

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I do not believe there are many households in the Progress Energy Florida service territory that can afford to make a \$3,000 interest free loan to anyone, least of all their electricity company, but that is exactly what advanced cost recovery for the Levy reactors forces ratepayers to do. The monthly bill impact analysis provided by Progress in response to a utility commission staff data request shows that the a typical 1000 kwh per month customer will have paid Progress over \$3,000 before either of the reactors produces one kilowatt hour of electricity and consumers will not break even on their loan to the utility until 2041. They will not see a net reduction in their total electricity bills for thirty years. This is a bad financial deal for consumers under any circumstances, but in today's economy it is a horrible burden to place on household budgets.

Worse still, ratepayers will break even in 2041 only if, there are no cost overruns in the construction of the reactor, the price of natural gas is substantially higher than the Energy Information Administration projects, the Congress passes climate change legislation immediately that starts collecting a substantial tax on carbon next year, and there is no inflation for the next 30 years. Under realistic assumptions about nuclear costs, gas costs, carbon costs and inflation, ratepayers will never get their money back; they will end up paying several billion dollars more than should for electricity.

The cruelest irony of this tax on electricity consumers is that it simply is unnecessary. All of the assumptions that the legislature and the public utility commission made about the need for nuclear reactors when they approved advanced cost recovery have proven to be totally incorrect. Demand growth has slowed dramatically, natural gas prices have collapsed, nuclear reactor construction costs have skyrocketed, and climate change policy has stalled. Progress Energy and all utilities in Florida have alternatives to constructing nuclear reactors that are lower in cost and more environmentally friendly and they have ample time to develop these alternatives to deliver reliable energy to consumers.

In a time of uncertainty and economic stress, the best financial advice is to keep you investment decisions small and flexible, buying time to gather more information before making big financial commitments. Pouring billions of dollars into a nuclear reactor that takes ten years to come on line is the exact opposite of what a prudent person should do at this time.

It is always hard to admit a mistake, but the facts on the ground make it clear that continuing to spend ratepayer money on a reactor that will not deliver power for at least ten years is a huge mistake. Now is the moment to correct that mistake and simply stop throwing good money after bad. Florida ratepayers simply cannot afford to pay this electricity tax anymore.