



6/26/17 – Sara Barczak, High Risk Energy Choices Program Director, Southern Alliance for Clean Energy - Comments re: Santee Cooper Board Meeting

The financial meltdown of Toshiba and subsequent bankruptcy of the design/build company for the AP 1000 nuclear reactor, Westinghouse, subsidiary of Toshiba, has created a worst-case scenario for electric power customers here in South Carolina. The two under-construction reactors at the V.C. Summer plant are billions of dollars over budget and many, many years delayed – both reactors should have been operational by now.

The Santee Cooper Board meeting today is unlikely to provide all the needed answers, but there is likely no path forward that won't cause additional financial pain for customers as Santee Cooper is 45% owner of the new reactors. A projected 14% increase in rates from 2017 to 2025 was mentioned earlier this month at a meeting of the Electric Cooperatives of South Carolina.¹ That rate increase projection raises a lot of questions given there is neither a total project cost estimate nor an estimated completion date. This rate impact projection could very easily increase. How will Santee Cooper customers including the many coop customers be impacted?

Let's not forget that already the average residential SCE&G customer has more than 18% of their electric bill or ~\$27/month, going towards the new reactors at the V.C. Summer plant with further increases expected. Very simply this is a mess that exemplifies the high risks associated with new nuclear generation that all of us here today repeatedly warned utilities, regulators and state and federal lawmakers of.

In neighboring Georgia, where two nuclear reactors at Southern Company's Plant Vogtle are also delayed and over budget, consultants for the Georgia Public Service Commission recently provided expert testimony that completion dates might be June 2022 and June 2023 and that the project is no longer economic to complete.² Reuters reported a possible \$29 billion price tag based on our analysis.³

In this period of crisis the utilities, regulators and board members involved should ground their decisions in some basic principles to provide guidance and most importantly, to protect consumers:

1. No electric customer should be forced to continue to pay for construction of an electric generation facility that the utility cannot accurately predict the cost of completion of the facility and if and when that facility will be completed.

¹ See June 6, 2017 presentation here, slide 66 (also pasted at end of statement):

http://www.srswatch.org/uploads/2/7/5/8/27584045/summer_basics-ecsc_summer_conf_6-4-2017.pdf.

² See Hayet/Kollen testimony 16VCM, docket 29849, June 8, 2017:

<http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=168569>.

³ Thomas Hals, Reuters, June 15, 2017: <https://www.reuters.com/article/us-toshiba-accounting-westinghouse-bankr-idUSKBN1962YH>

2. If the cost of completing the facility can no longer be accurately predicted, the project should be closely and thoroughly reevaluated in an open and transparent process that allows for public engagement to reflect updated market conditions *before* more ratepayer money is committed to the high risk project.
3. Companies that chose to build electric generation facilities with unknown costs to complete and unknowable schedules should not be allowed to continuously and unfairly burden ratepayers.

The Southern Alliance for Clean Energy (SACE) has laid down an impressive record of concern about the risks inherent in these facilities. Most of the concerns that we brought forward are now playing out in real time. We need utilities to own up to their errors as they have lost credibility and regulators and board members who are going to do their job, to protect citizens' financial interest from this unfolding disaster.

There are no easy answers here, but first, the financial hemorrhaging must stop; the projects must be reevaluated with current market conditions in an open and transparent process; who the builder will be must be identified (if there is one), and the exposure of ratepayers to the project going forward must be capped with a realistic binding schedule.

If these very basic things cannot be done, it is time to walk away, and stop throwing away good money after bad. In closing, (in reference to the below chart) what exactly is Santee Cooper's "Nuclear Plan?" Especially when their partner in the project, SCE&G, doesn't even have a plan?

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