

### Volume 276 March 6, 2012

#### Paying for Nuclear

If the United States is to see a nuclear power renaissance, rate increases in many states will kick in long before the plants are operational. For utility customers in Georgia, South Carolina and Florida they already have.

Georgia Power, part of Southern Co., announced a monthly increase of 57 cents for the average customer beginning January 2012 for financing two additional nuclear reactors at Plant Vogtle near Augusta. In Florida, the Public Service Commission in October unanimously agreed that Florida Power & Light customers must pay \$196 million in 2012. Another rate increase later in 2012 is expected for South Carolina Electric & Gas Company and state-owned Santee Cooper. The joint project aims to build two new units at the Virgil C. Summer Nuclear Station and received a 1.1 percent rate increase in 2009 to start recovering financing costs.

None of these new projects has final regulatory approval. The Nuclear Regulatory Commission did grant a license to the new Vogtle reactors this year, making it the first new U.S. nuclear to be given such approval in 30 years. The South Carolina one could come this year but the one in Florida is unknown. All are using mechanisms designed to spread the massive costs of such ventures over a longer period of time.

These new projects inch forward in a regulatory environment that incorporates some painful lessons from the past. Contracts for nuclear construction now attempt to segment some risks, such as a spike in the price of steel, that are truly unavoidable, while design work and site construction expenses are subject to better oversight mechanisms during the building phase. In Georgia, for example, Southern, the lead partner in the \$14 billion project makes monthly expense reports and submits to a state regulatory cost review every six months. Additionally, the company pays for an independent expert who monitors the project and reports to the commission.

Allowing utilities to recover costs for Construction Work in Progress, or CWIP, strikes a middle ground that allows up-front customer rate increases to mitigate the big rate shock that typically comes with a new nuclear plant in use. However, CWIP recovery does involve some degree of approval before the final costs are known, which some contend might limit the incentives to control costs.

#### Electricity Pricing Areas – Mar 6, 2012

##### April

On-Peak	Per kWh
Cinergy	\$ .02848
PJM West	\$ .03429

#### ComEd Average Day Ahead LMP Electric Price

Time Period	Average per Kwh
Mar 1- Mar 31, 2011	\$ .03668
April 1 – April 30	\$ .03448
May 1- May 31	\$ .03954
June 1 - June 30	\$ .03851
July 1 thru July 31	\$ .05170
Aug 1 – Aug 31	\$ .04064
Sep 1 - Sep 30	\$ .03058
Oct 1- Oct 31	\$ .02968
Nov 1- Nov 30	\$ .02816
Dec 1 – Dec 31	\$ .02971
Jan 1 –Jan 31	\$ .03043
Feb 1–Feb 29	\$ .02963
Mar 1 thru Mar 5	\$ .02991

**Weather Today:** Sunny with gusty winds. High 61F. Winds SSW at 25 to 35 mph. **Tonight:** Partly cloudy this evening with more clouds for overnight. Low 51F. Winds SSW at 20 to 30 mph. **Wed:** Windy and becoming cloudy in the afternoon. Slight chance of a rain shower. High 63F. Winds SSW at 25 to 35 mph. **Thu:** Rain and thunder. Highs in the mid 40s and lows in the upper 30s. **Fri:** Abundant sunshine. Highs in the low 40s and lows in the low 30s. **Sat:** Sunny. Highs in the upper 40s and lows in the low 40s.

