



Savannah River Site Watch

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Columbia, South Carolina

Media Advisory

September 21, 2015

S. C. Public Service Commission to Vote on 8th Rate Hike for SCE&G Nuclear Project on September 23;

On Approval of Rate Hike, Whopping 15.5% of SCE&G Bill to Go for Advance Payment for Nuclear Construction Project According to S.C. Office of Regulatory Staff

[*Linked Here: Aerial Photos of Nuclear Project, July 30 - Special to SRS Watch, Can be Used with Credit*](#)

Columbia, SC – In the midst of growing concern about mounting costs, the South Carolina Public Service Commission (SC PSC) is set to vote on Wednesday, September 23, at 2 p.m. on the annual rate hike for the over-budget, behind-schedule \$6.8 billion nuclear reactor construction project of South Carolina Electric and Gas (SCE&G).

The rate hike under consideration will be the 8th rate increase to pay for SCE&G's 55% share of the dual-reactor project at the V.C. Summer site north of Columbia, South Carolina. In order to protect rate payers from imprudent cost increases, the rate-hike request should be denied, according to the public interest group Savannah River Site Watch (SRS Watch).

The proposed average rate hike for retail customers would be 2.57%. The annual rate hike was requested in May under the Baseload Review Act (BLRA), the anti-consumer nuclear-project-specific law passed by the legislature in 2007. That law aims to shift all costs and risks from SCE&G and its shareholders to SCE&G's customers and denies customers ownership of the reactors even after their having paid the full cost of them (along with a handy profit for the company). Rates under the law are on a one-way upward trajectory and will simply continue to increase, thus revealing the true and lasting impact of the nuclear project, according to SRS Watch.

In communication from the South Carolina Office of Regulatory Staff (ORS) to SRS Watch on September 18, ORS stated that the percentage of an SCE&G customer's bill for the nuclear project will once again leap, to 15.5%. According to the ORS email to Tom Clements of SRS Watch, "With the proposed increase, SCE&G's residential customers using 1,000 kWh will pay \$149.65 per month. Of that, \$23.24 or 15.5% of the bill is attributable to BLRA."

"By 2020, when the first of the new units might be operable, the advance-payment portion of the SCE&G bill - just to pay for financing costs - could reach a shocking 25%," according to Tom Clements, director of SRS Watch. "The PSC needs interpret the BLRA in such a way to deny the 8th pay-in-advance nuclear rate-hike increase and thus send a signal to SCE&G that it will protect customers from endless

advance payments for a project that SCE&G is financially mismanaging. Unfortunately, the PSC members are appointed by the legislature and their loyalty is clearly with SCE&G, a situation which has a built-in bias against the utility's customers."

"Customers are already facing a rough financial ride by being forced to pay in advance for the nuclear project from which they are receiving no benefit and it could get much worse when capital costs are included in the bill," said Clements (who led the 2008 intervention by Friends of the Earth before the PSC against the prudence of the nuclear project). "By exploiting captive rate payers, SCE&G is denying them a choice as to how their energy money is spent but as rates continue to shoot up rate payers will more seriously weigh their options, such as increased conservation and efficiency, solar power and even getting off the SCE&G grid," Clements added.

The PSC on September 2 approved a \$1.1 billion cost overrun and 3-year delay for the nuclear project, with that huge increase set to have an impact on the annual BLRA rate-hike request starting in 2016.

Underscoring how anti-consumer the BLRA is, no interventions are allowed against the annual rate hike before it is approved and protests can only be filed after the rate hike is approved by the PSC. SCE&G claims the cost of their 55% portion of the project has jumped from \$5.7 billion to \$6.8 billion. Santee Cooper, an unregulated state-owned utility, currently owns 45% of the project.

The BLRA rate hikes now being levied only cover financing costs for the nuclear project. When the much larger capital (construction) costs go into rates customers could see a big increase in bills, according to SRS Watch. The Office of Regulatory Staff is concerned about those rate impacts and notified the PSC in a letter dated September 15 that it was hiring an accounting firm to review BLRA rate hikes.

AARP and the Small Business Chamber of Commerce have also opposed the rate-hike request. The South Carolina Chapter of the Sierra Club formally opposed the recently approved \$1.1 billion cost overrun, an increase which will eventually be felt in higher rates to be paid by SCE&G customers.

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Notes:

1 - PSC agenda for 2 p.m., Wednesday, September 23, with agenda item #6: "Application of South Carolina Electric & Gas Company for Approval to Revise Rates under the Base Load Review Act - Staff Presents for Commission Consideration South Carolina Electric & Gas Company's Request for Approval to Revise Rates under the Base Load Review Act."

<https://dms.psc.sc.gov/Attachments/Event/72c7cfb6-9daf-43fb-8e6f-d04d3e9564e8>

2 - PSC Docket 2015-160-E, opened on April 27, 2015: "Application of South Carolina Electric & Gas Company for Approval to Revise Rates under the Base Load Review Act":

<https://dms.psc.sc.gov/Web/dockets/Detail/115470>

3 - South Carolina Office of Regulatory Staff (ORS) document of July 30, 2015 - [ORS 2015 Report on SCE&G's Annual Request for Revised Rates](#) - Appendix C, page 20 (pdf) for proposed rates:

<http://www.regulatorystaff.sc.gov/Documents/News%20Archives/No%20Qtr%20Rpts-2015%20Rev.Rates%20Rprt.pdf>

4 - ORS letter to PSC, September 15, 2015, stating that it will hire an accounting firm to review BLRA rate-hike requests, filed in Docket 2015-160-E (current rate-hike docket):

<https://dms.psc.sc.gov/Attachments/Matter/a574782c-1704-4d20-9b0f-c5258f5f15cf>

5 - Sierra Club filing of August 21, 2015 in \$1.1 billion cost overrun, 3-year schedule delay docket ([Docket 2015-103-E](#), approved by PSC on September 2) - states the Sierra Club's position against the cost overruns are due to "SCE&G's imprudence and mismanagement" of this project":

<https://dms.psc.sc.gov/Attachments/Matter/f77b6f68-b3fe-42d4-89ca-5994b5118b53>

6- Baseload Review Act (BLRA) – see Article 4 in "Title 58 - Public Utilities, Services and Carriers - CHAPTER 33 - Utility Facility Siting and Environmental Protection"

<http://www.scstatehouse.gov/code/t58c033.php>

7 - Aerial photos of SCE&G nuclear project at the VC Summer site, taken on July 30, 2015 - photos can be used with "credit to High Flyer, special to Savannah River Site Watch":

<https://drive.google.com/folderview?id=0BwkyYyn8X-ySfIVRQ2JDeklibGhYQ3hMeTdYSFp3WEZfd1BRc2VSbG5IZkdGUFFmVTJOcVU&usp=sharing>

8 - Photo of "blank check" for billions of dollars, issued on February 27, 2009 – the date the reactor project was approved by the PSC – to SCE&G, at the expense of captive rate payers. Used by concerned rate payers at the PSC the day the project was approved. ([Docket 2008-196-E](#))

<http://www.srswatch.org/uploads/2/7/5/8/27584045/1686482.jpg>

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