TVA Board Approves Construction of Nuclear Plant

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KNOXVILLE, Tenn. (AP) — The Tennessee Valley Authority board voted unanimously Thursday to finish construction of the 37-year-old Bellefonte nuclear plant in northeast Alabama and to increase rates for average residential customers by $1.60 a month in October.

The nine board members took both votes — first on the plant and later on the rate increase — at a daylong meeting that drew about 200 people, including opponents and supporters of restarting construction of a reactor at the shuttered nuke project.

TVA Chief Financial Officer John Thomas said the projected $4 to $5 billion cost of building the reactor — with construction scheduled to start in 2013— will likely be paid for by arranging a lease transaction with investors. About $394 million will be spent on the Bellefonte project in the fiscal year that starts Oct. 1.

TVA said the 2 percent increase in the utility's average wholesale rate will help cover a projected $234 million shortfall in the utility's 2012 budget that includes making safety changes as a result of the Fukushima disaster and clean air initiatives. The nation's largest public utility is also buying the Magnolia Combined Cycle Gas Plant near Ashland, Miss.

TVA President and CEO Tom Kilgore compared the $1.60 increase to "about the price for a half a gallon of gasoline."

Before the meeting, TVA published a rule that costumes would not be allowed. In July, zombie-costumed protesters paraded in Chattanooga to oppose restarting construction of Bellefonte, describing the aging site as a "corpse of a power plant."

A TVA spokesman said the no-costume rule was intended to avoid any "disruption" at the meeting. A project opponent outside the building Thursday was painted up as a zombie.

Kilgore has said building the Bellefonte reactor, with more than $4 billion already spent on the project, is the right move for the environment and for the utility's 9 million rate payers in Tennessee, Kentucky, Virginia, Alabama, Georgia, North Carolina and Mississippi.

The board members took the votes after listening to dozens of Bellefonte project opponents and supporters. Anna Haislip of Nashville told them to vote no to protect her grandchildren. Fort Payne, Ala., Chamber of Commerce President Brian Baine who said they should vote yes, partly to create jobs.

Haislip told the board members "you can say clean and safe and clean and safe and clean and safe and it's never going to be the truth."

"I can't trade my grandchildren's health or your grandchildren's health" for jobs and economic benefits, she said as one of about 60 speakers at a morning-long board listening session attended.

Baine said the reactor project, expected to create about 2,800 construction jobs when started and another 650 permanent jobs when completed by decade's end, is needed in his county that has 13 percent unemployment.

"I believe this project will help to lower that number," Baine said. He said the nuclear plant designed to power about 750,000 homes would provide clean, reliable, cost-effective energy.

Board member Marilyn A. Brown, chairman of the board nuclear oversight panel, said the project offers "secure clean, affordable power for the foreseeable future."

But Tennessee Environmental Council board chairman Don Safer said before the vote that any "major accident at Bellefonte would be horrible" and could risk release of "immeasurable amounts of radioactivity" on nearby population areas.

Safer said after the vote that it was "an easy out for TVA. If they get that 1200 megawatts on line they are not going to have to be as aggressive with energy efficiency and renewable than they would have had to be."

Before the vote, other community leaders and economic development officials spoke in support of building the 1,260-megawatt, Babcock and Wilcox-designed reactor.

Doug Walters, vice president of regulatory affairs for the Nuclear Energy Institute, said despite concerns about the site's age, Bellefonte will be "one of America's most advanced reactors" among 104 nuclear plants in 31 states that provide about one-fifth of the nation's power.

The Bellefonte plant — with yet-to-be-replaced equipment showing old age and inside walls with peeling paint — has two cooling towers and decades ago was among the utility's plans to build 17 reactors at seven sites. Most of those plans were dropped because of cost and a lack of demand for power.

After construction at Bellefonte was stopped in 1988, some equipment was removed. In 2009, the Nuclear Regulatory Commission approved TVA's request to reinstate Bellefonte's original construction permits.

The TVA board in April approved a long-range plan that calls for decreasing the utility's reliance on coal and increasing use of nuclear power, renewable energy, natural gas, hydroelectric and conservation.

TVA said the Bellefonte plant is far above maximum probable flood level, would

withstand an 8.9 magnitude earthquake and 360 mph winds. The utility's executives have said a plant review since the Japan disaster led to adding gasoline-powered generators, diesel-powered fire pumps and satellite telephones for emergency responders, among other longer-term measures.

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