SCE&G Says New Nuclear Plants' Costs Are Below Estimates

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JENKINSVILLE, S.C. (AP) — The construction of two new nuclear plants in Fairfield County has been delayed, but the overall cost remains below initial estimates, officials with South Carolina Electric & Gas Co. said Wednesday.

SCE&G is building two new reactors at its V.C. Summer Nuclear Station, about 30 miles northwest of Columbia, where one reactor has operated for 30 years. The new reactors are jointly owned and funded with state-owned utility Santee Cooper. Members of the media were allowed on-site Wednesday for an update and tour, 17 months after federal regulators approved licenses to build and operate them.

The first is now scheduled to open at the end of 2017 or early 2018, rather than March 2017, said Steve Byrne, SCE&G's chief operating officer and president of generation and transmission. That date still falls within an 18-month contingency that the utility is allowed, he said.

"It is not out of control," Byrne said. "We're still within the approved window."

SCE&G, a unit of SCANA Corp., blames the delay on a components supplier. The Lake Charles, La., plant was unaccustomed to the high degree of scrutiny associated with nuclear work, he said. While some issues were what he called "genuine," such as in welding, many of the problems concerned documentation and tracking employee training. Plus, employees needed engineering assistance from the designer for the new technology, Byrne said.

The original contractor, Shaw Group Inc., was bought out last year by Chicago Bridge & Iron.

"They're getting their act together," Byrne said. "They appear to have turned a corner."

For the first time since construction started, the site has a backlog of components, with more work than people to do it, which is a positive development, he said.

As for whether another supplier should have the contract, he responded, "The best success path is to stick with the folks who have worked through all those problems."

SCE&G estimates that the delay added $200 million to the project's cost. Who will pay for that is not yet determined, Byrne said.

The two utilities have spent a combined $3.5 billion so far on the reactors. SCE&G's current estimate of its total cost is $5.8 billion, or nearly $550 million below initial

forecasts in 2009, he said. SCE&G is funding 55 percent of the roughly $10 billion project.

Nuclear power opponent Tom Clements said he expects further delays that will substantially delay the project and increase costs.

"I would not be surprised if the start-up date slips considerably," said Clements, Southeastern nuclear campaign coordinator for Friends of the Earth.

They are the first reactors to be built in South Carolina in three decades, and one of only two new nuclear projects in the country in progress. Once both are online, the state will have nine operating nuclear plants.

SCE&G says the two new plants will mean 60 percent of the utility's power will be generated by plants that do not produce carbon emissions. Their construction allows the company to shutter older coal and natural gas plants.

They will also balance the utility's power sources between coal, gas and nuclear, Byrne said.

Clements has long argued that the utilities should consider increasing energy efficiency and conservation, as well as other alternative sources, before building.

SCE&G customers have been paying for the new reactors since 2007 under a state law that allows it to collect money from customers to finance the project before it generates power. Georgia, where the other nuclear construction project is moving forward, has a similar law.

In June, SCE&G asked the state Public Service Commission to approve its sixth rate increase in four years to fund the construction.

SCE&G says the financing method saves money in the long term.

"We're getting small increases as we go as opposed to waiting until the plant is completely in service and getting one very large increase at the tail end," Byrne said. "When the plant goes into service, I think you'll see the rates come down."

Clements' group challenged the law's constitutionality in 2009, but the state Supreme Court rejected its arguments a year later. Clements continues to call the funding method "totally unjust," adding it's the only reason the utilities can afford to continue with the project.

"It puts all the risk on the ratepayer and took if off the shoulders of the company and shareholders," he said.

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