Regulators Approve Duke Energy Nuclear Settlement

Gary Fineout, AP

Florida utility regulators quickly approved a multi-billion-dollar settlement with the state's second largest utility that will require customers to keep paying for shuttered and abandoned nuclear power plants. While some critics had called the deal with Duke Energy Florida a "rip-off," the Florida Public Service Commission voted 4-1 in favor of the settlement after roughly 20 minutes of debate. Commissioners who voted in favor of the settlement called it a way to bring an end to a lengthy and complex process while also placing limits on how much customers will pay for two nuclear plants.

"I think this is an opportunity to stop the bleeding," said Commissioner Julie Brown. The Republican-controlled Florida Legislature passed a law in 2006 that gave utilities the ability to collect money up front for nuclear power projects as a way to encourage the growth of nuclear power in the state. Progress Energy, which has since merged with Duke Energy, started collecting money from customers to pay for repairs to its existing Crystal River plant as well as pay for the start-up costs associated with a plant proposed to be built in Levy County on the Gulf Coast.

However, Charlotte, N.C.-based Duke decided last February to permanently close the Crystal River nuclear plant after repairs did not go as planned. Workers cracked a concrete containment wall in 2009 and an attempt to fix the problem in 2011 resulted in more cracks. Then this summer, Duke officials announced they were abandoning the Levy County plant due to changes in the energy market and regulatory hurdles at the state and federal level.

Under the settlement approved by regulators, the average residential customer would pay $5.62 a month starting in January or an increase of 89 cents over current bills. But the cost could go up even more between 2015 and 2019, depending on additional expenses associated with the closing of Crystal River. Duke expects to collect all it needs for the Levy plant by 2018, but charges associated with Crystal River could continue to go on. Duke investors and money from insurance settlement is being used for part of the cost for the two plants, but most of the cost will come from ratepayers. Duke will try to salvage and sell off parts that could also wind up reducing the final price-tag. Attorneys representing various customer groups contended the deal was the best that could be expected given state law.

Brown acknowledged that while someone has accused Duke Energy of negligence in the Crystal River repair job, she said "it's apparent to me there is no conclusive evidence to support those allegations." The lone PSC member to oppose the settlement, however, said regulators should have continued to ask questions. Eduardo Balbis noted that some critical documents related to the case — including a settlement Duke reached with an insurer — were confidential. Balbis said customers deserved to know whether or not the decision to retire the Crystal River plant was the right decision.

PSC Chairman Ronald Brise called the settlement a "difficult situation" but said "there is now a fence around the things we can control."