



**Friends of the Earth
For Immediate Release
January 26, 2018**

Contact: Tom Clements, Director, Savannah River Site Watch, srswatch@gmail.com

Massive Rate Hikes Loomed when SCE&G Nuclear Project Terminated, Thankfully Avoided

SCE&G Documents Obtained in “Discovery” Confirm Huge Rate Hikes Averted with Cancellation of Nuclear Project; Rates Hikes Totaling an Additional 16% of Monthly Bill had been Proposed through 2019, would have Resulted in Nuclear Charge of over 30% of the Bill

Columbia, SC – Internal documents obtained by Friends of the Earth and the Sierra Club from South Carolina Electric & Gas (SCE&G) reveal that the company had planned to sharply increase the amount of annual rate hikes to pay for financing of the faltering nuclear reactor construction project. The documents were obtained via “discovery” in the intervention filed by FOE and the Sierra Club to terminate the bungled V.C. Summer reactor project.

“The planned massive rates hikes may have been deemed by SCE&G to be unsustainable, thus adding to the reasons that the bungled project was terminated before those crippling rate hikes were pursued,” according to Tom Clements of Friends of the Earth. (Clements remains director of Savannah River Site watch but is participating in the nuclear reactor case for FOE.)

If the bungled project had continued through 2019, documents reveal that SCE&G intended to ask for an additional 16% of the bill for the nuclear project on top of the 18% of the bill already going to the project. If approved by the South Carolina Public Service Commission three additional rates from 2017-2019 – just for project financing costs – would have resulted in a stunning and untenable 34% pay-in-advance nuclear charge on SCE&G’s monthly bill.

“While there is no good news in the current amount that SCE&G customers are paying for the failed nuclear project, the unjust nuclear charge would have been much higher if the project had dragged on to a later termination date,” said Tom Clements, senior adviser with Friends of the Earth. “If the project had persisted until 34% of the bill was going to the nuclear fiasco I think that customer anger would have been much greater than now and the financial health of the company much weaker; thankfully those additional rate impacts were avoided,” added Clements.

A November 2016 SCE&G document, released to Friends of the Earth and the Sierra Club on January 12, shows that SCE&G had planned to ask for an almost 7% rate hike in 2017 to pay for financing for the nuclear project. That rate hike request to the PSC likely would have come in May 2017 if the project was not at that point on a fast road to termination.

The document further reveals that in 2018 and 2019 that SCE&G had planned annual rate hikes of 5.2% and 3.7%, both much larger than any earlier request since the project began in 2009. In 2013, SCE&G received a rate hike of 2.87%, the largest of nine rate hikes between 2009 and 2016.

The rate hikes in question were planned under the Baseload Review Act, which allows an annual rate hike to pay for nuclear project financing costs. Since 2009, SCE&G has filed for the annual rate hikes in late May or June of each year. The last and final BLRA rate-hike request was filed on May 27, 2016 and a rate increase of 2.7% was approved by the PSC on October 26, 2016, bringing the total nuclear construction charge to approximately 18% of a customer’s monthly bill. (Note: how that figure, presented by the Office of Regulatory Staff, has been calculated has not been demonstrated and is suspect.)

The documents were obtained via “discovery” in the Friends of the Earth/Sierra Club proceeding – [Docket 2017-207-E](#) – a key proceeding that which will review the “prudency” of past nuclear project cost-overrun decisions by the South Carolina Public Service Commission. SCE&G essentially stonewalled the discovery requests by the two public interest groups until a “motion to compel” compliance with filed with the PSC by attorney Bob Guild, lawyer for the groups. On January 25, the PSC indicated in a “[hearing office directive](#)” it was monitoring the discovery request and would act if disagreement over documents persisted. (Note: SCE&G refuses to release the Bechtel report and associated documents.)

In 2020, the documents indicate that SCE&G would have requested a slight reduction in the 34% charge, by 0.7%.

The amount of money SCE&G aimed to recoup in the rate hikes from 2017-2019 was \$431 million, almost as much as the \$445 million that it was approved to collect in the previous nine rate hikes.

Graph: Past and anticipated rate hikes by SCE&G, in SCANA November 2016 document entitled “Regulatory Update,” page 12. (linked first in “notes” below)

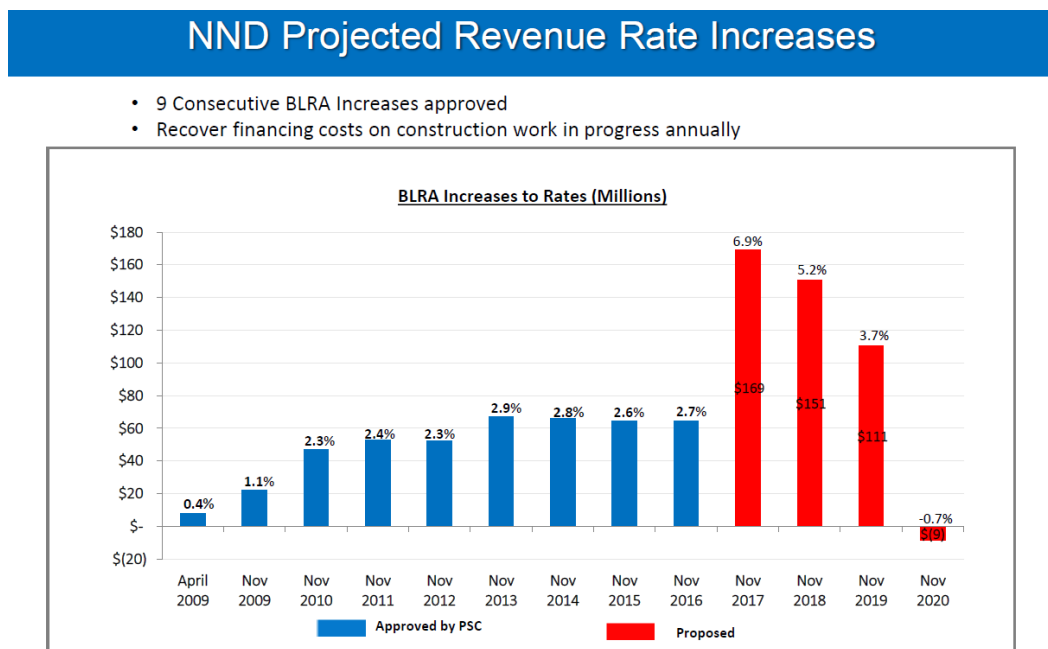


Chart: Past rate hikes, 2009-2016 – Office of Regulatory Staff table (in last document linked below)

SCE&G's Requested Rate Increases					Approved Rate Increases			
Docket No.	Order No.	Requested Revenue Increase	Requested Retail Increase	Requested Residential Bill Increase	ORS Reduction	Approved Increase	Approved Retail Increase	Approved Residential Increase
2008-196-E	2009-104(A)	\$8,986,000	0.49%	\$0.54	(\$1,183,509)	\$7,802,491	0.43%	\$0.48
2009-211-E	2009-696	\$22,533,000	1.10%	\$1.31	\$0	\$22,533,000	1.10%	\$1.31
2010-157-E	2010-625	\$54,561,000	2.73%	\$3.33	(\$7,260,000)	\$47,301,000	2.31%	\$2.87
2011-207-E	2011-738	\$58,537,000	2.70%	\$3.58	(\$5,753,658)	\$52,783,342	2.43%	\$3.23
2012-186-E	2012-761	\$56,747,000	2.53%	\$3.57	(\$4,598,087)	\$52,148,913	2.33%	\$3.28
2013-150-E	2013-680(A)	\$69,671,000	2.97%	\$4.32	(\$2,430,768)	\$67,240,232	2.87%	\$4.18
2014-187-E	2014-785	\$70,038,000	2.99%	\$4.34	(\$3,800,000)	\$66,238,000	2.82%	\$4.11
2015-160-E	2015-712	\$69,648,000	2.78%	\$4.01	(\$5,122,000)	\$64,526,000	2.57%	\$3.71
2016-224-E	2016-758	\$74,161,000	3.06%	\$4.44	(\$9,733,000)	\$64,428,000	2.66%	\$3.86
TOTAL		\$484,882,000		\$29.44	(\$39,881,022)	\$445,000,978		\$27.03

Proposed rate rates - avoided rate hikes & amount – from SCANA document of November 2016 – “Regulatory Update” – linked in “notes” below:

2017	6.9%	\$169,000,000
2018	5.2%	\$151,000,000
2019	3.7%	\$111,000,000
2020	-0.7%	-\$9,000,000
Subtotal	~15%	\$422,000,000

Approved rate hikes & amount, 2009-2016 – from ORS table above, document linked below:

2008-196-E	0.43%	\$ 7,802,491
2009-211-E	1.10%	\$22,533,000
2010-177-E	2.31%	\$47,301,000
2011-207-E	2.43%	\$52,783,342
2012-186-E	2.33%	\$52,148,913
2013-150-E	2.87%	\$67,230,232
2014-187-E	2.82%	\$66,238,000
2015-160-E	2.57%	\$64,526,000
2016-224-E	2.66%	\$64,428,000
Subtotal	~18%	\$445,000,978

###

Notes:

SCANA presentation entitled “Regulatory Update,” November 2016 – contains past and project rate hikes and other interesting tidbits, including a slide labeled “What are customers saying about us...”:

<https://tinyurl.com/y983a56e>

SCANA presentation entitled “All Hands Meeting,” September 2016, with earlier graph of anticipated rate-hike request from 2017-2020 – also obtained by Friends of the Earth/Sierra Club in “discovery”:

<https://tinyurl.com/ybgl3rho>

Docket 2017-207-E, intervention by Friends of the Earth and the Sierra Club to stop the V.C. Summer reactor construction boondoggle, June 22, 2017, filed after Westinghouse declared bankruptcy and a month before the project was terminated by SCANA and Santee Cooper:

<https://dms.psc.sc.gov/Attachments/Matter/85d221da-dd3e-4a61-93a5-77af9ca391ce>

Docket 2016-224-E: South Carolina Electric & Gas Company's Annual Request for Revised Rates, May 27, 2016, rate hike 3.1%

<https://dms.psc.sc.gov/Web/Dockets/Detail/115961>

Filing in Docket 2016-224-E by South Carolina Electric & Gas Company, “Annual Request for Revised Rates and Proposed Notice of Filing,” June 27, 2016 – see last page, page 127, fine print, for projected rate hikes 2017-2020:

<https://dms.psc.sc.gov/Attachments/Matter/da64ede8-fb72-4d86-a77a-e65de265b5c8>

PSC “ORDER GRANTING REQUEST FOR APPROVAL OF REVISED RATES,” October 26, 2016 – last BLRA rate hike approved:

<https://dms.psc.sc.gov/Attachments/Order/6e95b4ac-571b-4097-a376-dc18fcd131e4>

Office of Regulatory Staff’s “SCE&G Cumulative Rate Increases Approved Under the Base Load Review Act

<https://ors.sc.gov/sites/default/files/Documents/Regulatory/electricNaturalGas/newNuclear/VCSummerUnits/baseLoad/BLRA%20Increases.pdf>

Information on impacts of Baseload Review Act (South Carolina’s Construction Work in Progress law) on Office of Regulatory Staff website:

<http://www.regulatorystaff.sc.gov/Documents/New%20Nuclear/Request%20for%20Rate%20Relief.pdf>