



Complaint Filed with South Carolina Public Service Commission by Friends of the Earth and the South Carolina Chapter of the Sierra Club Due to Unauthorized, Massive Cost Overruns and Significant Schedule Delays with SCE&G's Mismanaged V.C. Summer Nuclear Reactor Construction Project; Termination Warranted – June 22, 2017

The effort by South Carolina Electric & Gas (SCE&G) and Santee Cooper to build two nuclear reactors at the V.C. Summer site continues to badly flounder and faces growing cost overruns and schedule delays. A series of massive rate hikes to pay for the mismanaged project loom. The project has been thrown further into turmoil by the bankruptcy of reactor vendor Westinghouse on March 29, 2017. Due to mounting financial and technical problems, the justification to continue the project is on shaky financial ground and the case grows ever stronger for project termination, with replacement by cleaner, safer, lower-cost alternatives. Thus, spending on the troubled project must cease.

Via its complaint filed on June 22, 2017 with the South Carolina Public Service Commission (PSC), or through subsequent filings, Friends of the Earth and the South Carolina Chapter of the Sierra Club seek to explore a host of past, current and future matters concerning the problem-plagued nuclear project. The cost of the project, authorized by the PSC in 2009, appears to have surpassed \$15 billion and continues with NO cost estimate and NO schedule by project manager SCE&G. Already \$8.9 billion has been sunk into the project, with construction only about 37% complete. To make matters worse for consumers, there is no demand by the PSC for SCE&G to provide a validated cost estimate and schedule.

Expert witness Dr. Mark Cooper, Senior Fellow for Economic Analysis, Institute for Energy and the Environment, Vermont Law School, and who was the expert witness on this matter before the PSC in 2012, is conducting a soon-to-be released analysis of the V.C. Summer project. His report, entitled ***The Failure of the Nuclear Gamble in South Carolina***, will review five steps that must be taken to soften the negative blow to SCE&G and Santee Cooper ratepayers and to the economy of South Carolina:

- *Stop wasting money and abandon the project;*
- *Claw back improperly expended sunk costs through reclamation under the bankruptcy laws and reconsideration of spending decision made under false pretenses;*
- *Return to traditional least-cost, "used and useful" principles for utility resource acquisition;*
- *Rely on lower cost, cleaner resources, like efficiency and renewables and dynamic system management to meet any growth in demand or reduction in emission of pollutants;*
- *Mitigate the bill impact by enhancing ratepayer ability to lower their electricity costs with on-bill financing of efficiency, reducing the profit paid on wasted capital expenses, and extending the period for cost recovery.*

The nuclear project has spiraled out of control. Yet, decision makers are hiding information about the project from the public and have gone silent about decisions yet to be made. Not only do SCE&G and Santee Cooper ratepayers face inordinate and unjust rate hikes but the economy of the state of South Carolina may well be stressed no matter the outcome. The justification for continuation of the project has weakened tremendously and its termination is the most prudent course of action.

In spite of the turmoil facing the project, the strategy of SCE&G, Santee Cooper, the Electric Cooperatives of South Carolina, and the S.C. Office of Regulatory Staff (charged under state law with “representing the public interest”) has been to staunchly avoid public discussion about the project and to make deals behind closed doors. By calculation, the public is being kept in the dark by decision makers, who are also stridently avoiding examining just who will be held accountable for making poor decisions about the costly nuclear burden that has been placed upon the backs of South Carolinians.

The time to get officials on the record about the future of project and how the cost overruns and schedule delays developed can be delayed no longer. The “vow of silence” about the situation must end. The complaint filed with the S.C. Public Service Commission by Friends of the Earth and the Sierra Club aims to get answers for the public who are growing restless about the failed project.

The PSC, with S.C. Office of Regulatory Staff (ORS) support, must demonstrate that they will stand on the side of the public interest and a strong economy and grant the hearing requested by the petitioners. The PSC must demonstrate that it will proactively pursue answers and solutions acceptable to more than just SCE&G. The timeline for decision-making must not continue to be left in the hands of inept SCE&G, which is acting only in its own self-interest. The intervenors will not go away and will one day get to fight for the public interest before the PSC

The report by Dr. Cooper, who testified in 2012 that the project should have been abandoned, will soon be shared publicly and will be the basis of testimony to be filed with the PSC. He is reviewing the bad judgement of SCE&G and Santee Cooper in their decision to “lead” the way in the much-touted and now failed “nuclear renaissance.” Unfortunately for ratepayers, the PSC and ORS were actively complicit in a series of bad decisions that placed the project on a downward spiral to failure.

Dr. Cooper concludes that the situation is now worse than in 2012 and explores why rejection of a free-market approach under the Baseload Review Act (BLRA) doomed the project to the predictable cost overruns and delays now being seen. Dr. Cooper goes on to document the following conclusions:

The project has gone so badly, however, culminating in the bankruptcy of the principle vendor, that the decision to build the reactors can and should be reviewed, even under the lax oversight of the Base Load Review Act. The “settlement agreement” reached in late 2016 is now highly suspect. The vendor was asked for a new work plan and schedule, but failed to deliver one.

Today, this study....demonstrates that consumers, the State of South Carolina and the environment would be much better served if the V.C. Summer project is cancelled and replaced by lower-cost, low-carbon, low-pollution resources. The study directly and fully supports the petition of Friends of the Earth and the Sierra Club to abandon the project. The decision to invest in a first-of-kind, huge nuclear reactor construction project that vastly exceeded the financial capacity of SCANA to undertake was imprudent on the part of the utility. SCANA is ultimately responsible for its disastrous management decisions and ratepayers must not pay the price for the company’s bad decisions and their support by the PSC and ORS. Swift action by the Commission could save SCE&G ratepayers as much as \$10 billion.

In other words, from the point of view of meeting the needs for electricity, the construction of V.C. Summer 2 & 3 has become pure waste.

--- Aerial photos of V.C. Summer site, May 26, 2017, ©High Flyer, [linked here](#) ---

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