

Will we pay, again, for nuclear folly?

Jim Warren

"The failure of the U.S. nuclear power program ranks as the largest managerial disaster in business history, a disaster on a monumental scale. The utility industry has already invested \$125 billion in nuclear power ... only the blind, or the biased, can now think that most of the money has been well spent." -- Forbes magazine, "Nuclear Follies," Feb.11, 1985

Despite a propaganda offensive depicting nuclear power as carbon free and safer than ever, resuscitating the failed technology would be a huge, unnecessary gamble for our climate, economy and safety.

Fortunately, the odds are stacked against completion of new plants in this country. The question is, how much time and public money will be wasted fighting them while we should be aggressively cutting greenhouse gases?

The mismanagement reported by Forbes got worse after 1985. Overall, scores of plants were canceled during construction; cost overruns plagued the rest. Those most responsible, the magazine said, were "the contractors and subcontractors, the designers, engineers and construction managers who [were] insulated by their own cost-plus contracts."

Also culpable were "the utility executives, who believed that no matter what happened to cost and construction schedules, the rate commissions would somehow provide the revenues to bail them out."

In the Carolinas, Duke Power and CP&L (now Progress Energy) canceled nine nuclear plants under way, then billed customers over \$1 billion. The legislature later banned that scheme for "early recovery" of what's called Construction Work In Progress (CWIP).

Amazingly, legislators are poised to reverse that ban, transferring the financial risk for new multibillion-dollar nuclear and coal-fired plants back onto the ratepayers.

Power companies insist that a bill in the General Assembly that promotes renewable energy must be saddled by a measure allowing Duke and Progress to bill customers in advance for costs -- plus profit -- of new plants, even if they're never completed.

PRUDENTLY, PROGRESS ENERGY RECENTLY BACKED AWAY from last year's plan to lead a much-hyped U.S. nuclear revival. There is persistent doubt about whether anyone could complete new reactors now, due to multiple failure scenarios that include design/construction challenges, cash-flow shortfalls, economic downturns, accidents or a terrorist attack at any plant worldwide.

Duke Energy CEO Jim Rogers told the state Utilities Commission in January that new nuclear plants are highly uncertain and would cost at least 40 percent more than current estimates. That excludes design changes needed to protect control rooms, water intakes and waste pools from attacks.

The nuclear power plant industry claims its new designs will be cheaper to build, but it insists on billions in subsidies. Even so, Wall Street remains dubious, so the industry is begging legislatures for pre-

payment via "baseload" provisions including CWIP (which could be called Customers' Wallets In Peril). This could allow more "cost plus" gravy trains with few constraints on expenditures.

Adding to the gamble is nuclear power's unreliability. Over two-dozen U.S. plants were shuttered early due to safety problems. Fifty-one more have suffered yearlong outages needed to restore minimum safety levels. The Nuclear Regulatory Commission has allowed many plants, including the Harris plant near Raleigh, to operate for years without meeting important safety standards. The absence of another severe nuclear accident since the 1980s is not an adequate basis by which to judge the industry's safety record and potential for economic disaster.

Nuclear plants are increasingly unreliable in our warming climate, as experienced widely during Europe's recent heat waves. Progress' Brunswick plant suffered extended outages during peak demand the past two summers. Increasing droughts further enhance the gamble because typical US reactors compete with municipal demands for surface waters, withdrawing more than cities the size of Raleigh.

The biggest failure scenario stems from the urgent nature of global warming, and the growing public demand for genuine climate solutions such as energy efficiency. Gradually, it's becoming clear that building coal and nuclear plants is a ruinous approach to global warming. Even to the extent that nuclear energy produces fewer emissions than coal, we don't have the decades or trillions of dollars to build the 3,000 plants required (according to the Council on Foreign Relations) just to hold atmospheric carbon at year 2000 levels.

EVEN IF NEW NUCLEAR WEREN'T such a multi-faceted gamble, why should the public assume the industry's risk? The power companies are ensured a 12 percent rate of return by the people of North Carolina, largely intended to cover business risk. If the utilities make customers pay for plants not yet operational, the guaranteed return should be slashed.

Subsidies for big plants should be debated separately, not shadowed in an energy bill that, despite problems with provisions for extracting energy from animal wastes, has important measures promoting efficiency and clean generation.

Duke and Progress are deploying a proven business strategy to buy state and civic leaders' blessing for this gigantic and ill-timed ripoff. The legislature needs to stand up for the public.

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