



Utility News

A Weekly News Service of AMEA
April 13, 2012

Federal loan cost estimates for Plant Vogtle expansion still secret

Cost estimates for the U.S. Department of Energy's \$8.3 billion federal loan guarantee for Southern Nuclear's Plant Vogtle expansion remain unavailable, despite a judge's conclusion two weeks ago they should be made public.

The Southern Alliance for Clean Energy filed a Freedom of Information Act request in 2010 for the credit subsidy estimates and a host of other information -- and later filed a lawsuit when portions of the material were not provided.

Credit subsidy fees, calculated as a percentage of the total loan guarantee, are paid by the utility borrowing money and help offset the government's costs of financing major projects, such as Plant Vogtle's new reactors.

Utilities usually want the percentages very low, while government watchdogs believe higher fees will reduce risk to taxpayers.

Federal officials and Southern Nuclear contend the percentages under discussion are proprietary and that all estimates should be kept secret.

In a March 28 ruling by U.S. District Court Chief Judge Royce C. Lamberth, however, the Energy Department was directed to disclose the project's credit subsidy cost estimates.

Sara Barczak, the Southern Alliance for Clean Energy's high risk energy choices program director, said the group is still awaiting the information and has only the redacted letters provided earlier.

"Those two documents, in unredacted form, were to be shared with us immediately, which of course, they have not yet done," she said. "However, we understand that perhaps it takes some time to wade through the bureaucracy of all of this, but still, they are to be turned over to us."

The court also gave the Energy Department 60 days to supplement inadequate justification for why it either redacted -- or refused to release -- other information sought by the plaintiffs.

Energy Department officials refused to comment on the litigation or whether there would be an appeal to the judge's findings, but said efforts remain under way to complete the Vogtle loan guarantee.

"As part of our comprehensive due diligence process, the department is continuing to work closely with all parties involved with the Vogtle Nuclear Plant to reach a final agreement on the loan guarantee," a department spokeswoman said.

Southern Nuclear officials say the loan guarantee agreement will be completed by the end of June.

Source: *Energy Central Daily* (April 13, 2012)

Feds want more info on Duke Energy merger with Progress Energy

The Federal Energy Regulatory Commission wants more information from Duke Energy and Progress Energy on their latest merger plan.

The commission, in a letter Tuesday, gives the companies seven days to answer its request for more information or clarification of the companies' March 26 merger filing.

The March filing attempted to answer FERC's concern that the merger would reduce competition for wholesale electricity in the Carolinas. The commission has twice objected to the merger on those grounds.

It's not immediately clear what effect Tuesday's information request will have on the timing of the merger.

The companies had asked FERC to approve the merger, and related matters, by June 8. That would give them 30 days to win approval by utilities commissions in the Carolinas and meet a self-imposed deadline of July 8 to close the deal. After that point, either Duke or Progress could walk away from the union or change its terms.

"We are reviewing the FERC's request for additional information on our mitigation proposal they are considering, and will work toward responding to their request for more information within seven days," Duke said in a statement.

The companies continue to ask that the commission approve its proposal by June 8, Duke said.

Under the plan submitted in March, the companies would spend about \$110 million on seven transmission projects intended to bring competitors' power into the Carolinas, increasing market competition.

Duke and Progress have also signed power purchase deals with three wholesale electricity marketing companies that would stay in place until the transmission projects are finished.

FERC raised about a dozen issues in Tuesday's filing. Among them were questions about the companies' analytical models supporting the transmission projects. FERC cited problems with models addressing competition concerns in Progress' Carolinas territory.

Source: *Energy Central Daily* (April 11, 2012)

FPL customers: Have your say on rate increase at public forums in June

FPL customers will have a chance to voice their opinions about the utility's requested base rate increase and any other electric service issues at June forums.

At least three commissioners from the Public Service Commission, the state agency that regulates utilities, and representatives from Florida Power & Light will attend.

"It's almost like voting, if you don't exercise your opportunity to speak up, then you've missed your opportunity to give input," said J.R. Kelly, Florida's public counsel and advocate for utility customers.

In 2009, several hundred consumers attended public forums on the rate hike FPL had proposed then, it is highest ever. Customers, consumer groups and business lobbyists strongly objected. After the hike was denied, FPL negotiated a fraction of the increase requested and agreed to fix base rates through 2012.

In March, FPL asked regulators for a base rate increase of \$6.97.

The typical electrical bill from FPL would rise nearly \$7 a month next year, if regulators approve the increase. The utility said fuel costs are expected to drop, so the net increase would be about \$2.48 a month, putting the typical 1,000-kilowatt residential bill at \$97.10, compared with \$94.62 now.

FPL argues that the new rate is needed to pay for more energy-efficient plants and increases in the cost of doing business.

After the public forums, regulators will hold hearings, where Kelly said the Public Counsel's Office will dispute FPL's requested return on equity. FPL wants to earn up to 11.5 percent, which Kelly said is "not reasonable" when compared with other utilities.

FPL said its current return, 10 percent, is the lowest in Florida.

If the utility doesn't get approval for a higher base rate, financing for new energy-efficient plants will become more costly, said Armando Olivera, the soon-to-retire president of FPL in a recent meeting with the Sun Sentinel.

Source: *Energy Central Daily* (April 11, 2012)