Hurricane Florence
UMS Corporate Office Takes Direct Hit

On September 11, 2018, Hurricane Florence was on a direct path toward Wilmington, NC. It was projected to make landfall as a Category 4 storm. UMS employees began evacuating to Florida, Georgia and western parts of the Carolinas to avoid the direct hit of such a major storm.

On September 14, 2018 at 7:15AM, Florence made landfall at Wrightsville Beach, NC - less than 1 mile from the UMS Corporate Office. The eye of the storm passed over our building. Fortunately, wind speeds had decreased and the storm landed as a Category 1. However, Florence dropped 26.58” of rain in Wilmington and caused historic flooding.

Employees who evacuated could not return for 8-9 days because all roads in and out of Wilmington were flooded and closed; Wilmington was an island. Power was out at our office for 7 days and some of our clients had no power for 3 weeks or more.

The roof of our building was damaged by the storm and water came in - leaking through the ceilings and walls. Trees were down in our own lot and for many miles in all directions. Most employees experienced damage at their homes, also.

Florence caused a total disruption to our operations for almost two weeks. Since then, we have been surrounded by general contractors, roofers, tree trimming crews, remediation specialists, insurance adjusters and others who have helped us recover; but we have continued to work through it, gladly, to serve our clients. We expect the office to return to normal by the end of October.

Thank you for your patience and allowing us to serve you.

Plant Vogtle Update

As we have reported for more than five years, the construction of the Vogtle nuclear generating units 3 and 4 is significantly behind schedule and over budget. Like UMS and many others have predicted, the cost overruns and schedule delays continue to get worse. Nothing has gone as forecasted by Georgia Power and the other owners of the plant.

In August this year, GA Power announced that the plant will have an additional $2.4 BILLION in cost overruns. This came after many previously announced overruns.

On September 26, 2018, GA Power announced that all four co-owners of the plant (GA Power, Oglethorpe Power, MEAG Power and Dalton Utilities) had “voted to continue the construction of the two new nuclear units.” This is interesting because these parties had already committed to continue with construction but held another vote because the dramatic cost overruns and schedule delays are making stakeholders wonder if the plants will ever generate power.

At UMS, we continue to predict that only one of the units will ever be finished. We predict that it will cost 4 to 6 times what was originally projected and that, ultimately, the customers of all four utility-owners will pay for the plant through higher electric rates for decades to come.

GA Power Credit Rating Downgraded Due to Vogtle

In August, financial ratings firm Morningstar downgraded the credit rating for GA Power from A3 to Baa1 in response to the additional cost overruns at the plant.

The Baa1 rating is one notch lower than the A3 rating and is the eighth highest rating. While GA Power’s previous rating of A3 represented their low credit risk, a rating of Baa1 signals that the group is believed to be subject to moderate credit risk.
Natural gas now produces more electricity in the United States than coal.

For decades, coal produced about 50% of our electricity and natural gas very little. The decline of coal and the rise of gas is expected to continue. The shift from coal to gas is due to the increased supply and reduced cost of natural gas because of fracking and the increased cost of meeting environmental regulations for generating electricity with coal.

Scores of coal plants all over the country have closed and have largely been replaced by new natural gas plants - often in the same location as the former coal plants. Replacing coal plants with gas plants has increased electric rates and improved air quality.

Non-hydroelectric renewable is primarily electricity from wind and solar. While still a small part of our total electricity production, renewables have grown significantly in recent years and are expected to continue that trend.

Offshore Wind Farming is Coming

The first offshore wind farm in the United States began commercial operations in December 2016. It is the 5 turbine Block Island Wind Farm and is a 30-megawatt producing plant (photo below).

Increased federal leasing for offshore wind shows us that more offshore wind energy is planned. In 2015, federal leases expanded from two regions of the country to three and tripled in terms of acreage. From 2015 to 2017, acreage steadily increased from just over 1 million to nearly 1.3 million.

The chart shows the increase in total acreage per region from 2013 to 2017.