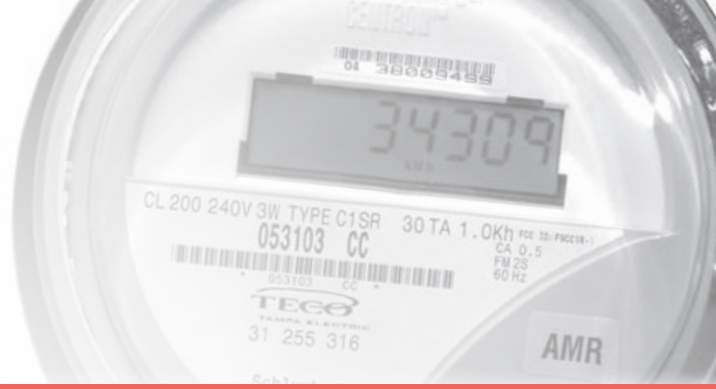




YOUR UTILITY RATE SPECIALISTS

Editor: Brian W. Coughlan, PE
BSEE, MSEE, MBA, CEM, CEA, CEP, CDSM
President of UMS



POWER NOTES - GEORGIA POWER EDITION

Plant Vogtle Update

Construction “No Longer Economic”

In December, the staff of the Georgia Public Service Commission issued a report saying that construction of Plant Vogtle is “no longer economic,” and should be canceled. The staff’s report also said, “The company’s failure to manage the project in a reasonable manner resulted in repeated schedule delays and increases in actual and projected costs.”



Plant Vogtle - Under Construction
Photo Source: gpbnews.org

OpenSecrets.org, Southern Company has spent over \$11 million per year on lobbying since 2004.

GA Power will benefit greatly by completing the trouble plant as they will get their money back, plus a regulated profit margin from their customers through higher rates.



New Federal Budget: \$1 Billion for GA Power Customers

The Bipartisan Budget Act of 2018 was signed into law by President Trump on February 9, 2018. Included in the act is a provision that extends the nuclear production tax credit. Previously, this credit was only available to new nuclear plants that began commercial operation prior to the end of 2020. The proposed new units at Plant Vogtle were initially scheduled to begin operation in 2017 and 2018. Due to schedule delays, the units are not likely to begin operation until 2021 and 2022. Under the new act, the credit will apply to Vogtle regardless of when they begin operation.

Tax credits that will amount to approximately \$1 billion for GA Power customers, assuming the plants are finished and begin commercial operations, are provided in under the new act. It is important to note that total cost estimates for the new units at Vogtle now run as high as \$29 billion. In other words, customers in Georgia may ultimately pay \$28 billion to get the nuclear units as a result of the \$1 billion credit. The initial cost projections for the plant were \$14 billion. Therefore, even after the tax credit, the plant will likely costs Georgia utility customers 200% of original projections.

Nuclear Construction Cost Rider & New Tax Law

Due to the new federal tax law and the effect of a loan guarantee from Toshiba (parent company of Westinghouse, prime contractor for Vogtle), GA Power filed to reduce their Nuclear Construction Cost Rider by \$138 million in 2018. In addition, GA

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In spite of that assessment, GA Power is pushing ahead with trying to complete the construction of the trouble plant that has seen dramatic cost overruns, schedule delays and the bankruptcy of the prime contractor, Westinghouse.

Contradicting their own staff’s recommendation, the GA Public Service Commission unanimously voted to allow GA Power to proceed with the project. The PSC consists of five elected politicians. According to a July 21, 2012 article in the Atlanta Journal Constitution, “Four of Georgia’s utility regulators have accepted at least 70 percent of their campaign contributions from companies and people that may profit from the agency’s decisions.”

Southern Company, parent company of GA Power, is very actively involved in donating money to political campaigns. According to

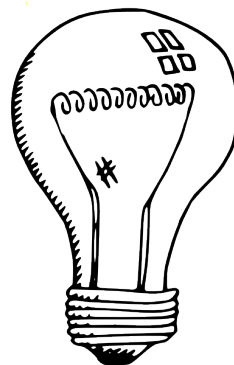
Power customers will receive \$188 million in refunds (\$75 per customer) paid out over three bills in 2018 as part of the Toshiba loan guarantee.

GA Power Exceeds Allowable Earnings

GA Power is allowed to earn a return on equity of 10% to 12% per year. Because they exceeded the allowable return on equity in 2016, customers will be getting a total refund of \$43.6 million.

Low Cost Alternative to Finishing Plant Vogtle

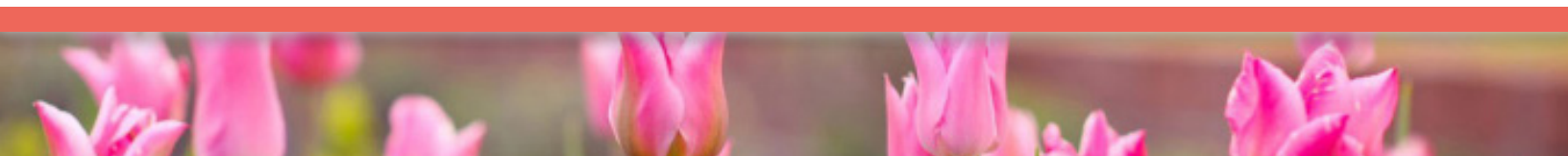
Georgia could pass a law that outlaws the sale and purchase of almost all new incandescent light bulbs in the state. Customers would instead purchase and use LED bulbs. As old incandescent



bulbs in homes and businesses across the state fail and are replaced with LED bulbs, the demand for electricity would drop significantly. This one simple change would almost eliminate the need for one of the two new nuclear units. This would save billions of dollars in construction costs for utility customers in Georgia. It would also reduce energy consumption which would lead to even lower electric bills. Customers who switch to LED generally recoup their

investment in the bulbs in less than a year through lower bills.

**Have you done your part?
See the light and switch to LED!**



On February 24, 2018, UMS celebrated 20 years of saving money for our clients through utility bill audits. We have grown from a one-person home office in 1998 to a 4,500 square foot, corporate office building with 17 full time employees and an independent sales force of 25 people located throughout six states.

A few metrics:

8,500+	Number of Clients Served
300,000+	Number of Electric Accounts Audited
\$22,000,000+	Ongoing Annual Savings Generated
\$150,000,000+	20 Year Cumulative Savings Generated



In celebration of achieving the 20 year milestone, we closed the UMS Corporate Office for 4

days. All employees, Account Managers, as well as their spouses/guests were invited to Savannah, GA for a combination of work and play. In addition to training sessions, the group toured the SCE&G natural gas-fired Jasper Generating Station near Savannah, enjoyed a tour of the historic city aboard a trolley and celebrated together during an Awards Banquet.



Thank you for giving us the chance to help reduce your utility bills.

We greatly appreciate your business and your trust.

We will continue to work hard to ensure that your bills are as low as possible for the energy you are consuming.

Without you, UMS would not exist!

Nuclear Power Industry Update

The nuclear power industry in the United States continues to deteriorate. A few noteworthy points are below.

- **Westinghouse Bankruptcy:** Westinghouse was the primary remaining contractor for building and maintaining nuclear power plants in the U.S. They filed for bankruptcy in March of 2017.
- **VC Summer Nuclear Plant Cancellation:** South Carolina Electric & Gas was building two new nuclear power units in South Carolina. Westinghouse was the prime contractor. After more than \$9 billion was spent toward construction, the plants have been abandoned as a total loss.
- **Plant Vogtle:** Georgia Power was also using Westinghouse to build two new nuclear generating units at their existing Vogtle location. GA Power decided to try to build the plants on their own after Westinghouse filed for bankruptcy. The units are billions of dollars over budget and years behind schedule.
- **First Energy Nuclear Plant Closures:** First Energy has announced it is closing three existing nuclear power plants in Pennsylvania and Ohio.
- **Three Mile Island Plant Closure:** One of the two nuclear units at the Three Mile Island plant had a catastrophic failure in 1979. Exelon, the owner of the plant, announced that they will close the remaining unit in 2019 even though it has a license to continue operations until 2034.
- **Diablo Canyon Plant Closures:** Pacific Gas & Electric has announced that they will be closing both of their nuclear generating units at Diablo Canyon in 2024 and 2025.

Why Are Nuclear Plants Closing?

There are several key reasons for the closing and cancellation of nuclear generating units across the United States:

- Energy conservation through LED lighting and other means has decreased the demand placed on power providers.
- Renewable energy production from solar and wind power has become more prevalent.
- Abundant, cost-effective energy is now available from natural gas due to fracking operations.
- There are significant cost overruns and schedule delays involved in the building of nuclear power plants.

WANT TO WIN? REFER US TO A FRIEND!

Email the following items to LQuick@UtilManagement.com

Name of Referral/Contact

Company/Business Name

Referral/Contact Phone & Email

Your Name & Phone

*If you think our services would be beneficial, feel free to include more than one referral. Each one provided will be an **additional entry** for you!*



Our winner for last quarter's Apple Watch drawing was Russ S. with Calico Coatings, Inc! Thanks to all who entered and best of luck this quarter!

Utility Management Services, Inc.
6317 Oleander Drive, Suite C
Wilmington, NC 28403
888.867.3230

www.UtilManagement.com

Payments ONLY to:
PO Box 890134, Charlotte, NC 28289

Credit Card Payments, call:
888.867.3230 ext. 101