Abstract

This article examines the strategies used by Florida’s electric utilities to finance and build new nuclear power plants and the potential limitations of such strategies. Two companies – Progress Energy Florida and Florida Power & Light – are proceeding with plans to build two units each in Florida. In addition to various federal measures, state policies that help to shorten the regulatory approval process and reduce uncertainty associated with cost recovery can affect construction plans. For example, accelerated cost recovery mechanisms in Florida and other states may allow electric utilities to recover prudently incurred preconstruction and construction costs before a nuclear plant begins to generate electricity. Despite various government policies to support investments in new nuclear projects, Florida’s electric utilities and utilities in other states face numerous challenges outlined in the article. Among the most daunting may be an erosion of public support and the ensuing political backlash once costs for the project are included in customer rates before the plant is commercially viable. Another is the prospect that projected demand will not materialize leaving existing customers to foot the bill for unneeded electric capacity.

Author Information

Dr. Lynne W. Holt  
Policy Analyst, Public Utility Research Center, University of Florida

Theodore Kury  
Director of Energy Studies, Public Utility Research Center, University of Florida