

Title: **Why is electricity so expensive in South Carolina?**
 Author: By Robert Meyerowitz for TheNerve.org
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Why is electricity so expensive in South Carolina?

By Robert Meyerowitz for
TheNerve.org

In a ranking of states by total energy costs, South Carolina is solidly in the middle, at 24th most expensive.

When the costs of electricity, natural gas, motor fuel, and home heating oil are averaged and combined, state residents spent \$278 per month.

That's much better than the most expensive state, Connecticut, at \$380, and much worse than the least expensive, Washington, at \$226. (The District of Columbia is even lower, at \$219.)

More curious is the ranking of states just on monthly retail electricity costs.

To get that figure, the authors of a study released last week by the personal-finance firm WalletHub took data from the Census and from the U.S. Energy Information Administration. Then they multiplied the average monthly consumption of electricity per housing unit — in South Carolina, that's 1,380 kilowatt hours — by the average retail price for electricity, which here is \$0.1257 per kilowatt hour.

The result: South Carolina is the highest in the nation, at \$173.47.

It's followed by Alabama, at \$168, Connecticut, at \$166, and Florida, at \$162. The lowest is New Mexico, at \$90.

The numbers are significant, WalletHub notes, because in the U.S., "energy costs eat between 5 and 22 percent of families' total after-tax income, with the

poorest Americans, or 25 million households, paying the highest of that range."

So, why is electricity so expensive in South Carolina?

The answer to the price question really depends on how you get your power. In

South Carolina, electricity is sold through 45 utilities, cooperatives, and municipally owned electric systems.

The South Carolina Public Service Commission (PSC) regulates, and must approve any rate increases for, Duke Energy, Lockhart Power, and South Carolina Electric & Gas (SCE&G), which are the state's privately held utilities. The PSC doesn't regulate Santee Cooper, which is a state-owned power producer, or municipal or co-op retail power providers, who are also Santee Cooper customers.

In 2008, Santee Cooper and SCE&G partnered to construct two nuclear reactors in Jenkinsville, 25 miles northwest of Columbia, whose future is now in doubt.

The PSC allowed SCE&G to raise its rates in order to help finance its 55-percent share of the \$11 billion project. This was in line with the Base Load Review Act (BLRA), passed by the state legislature in 2007.

The BLRA essentially said that power companies in South Carolina could charge customers in advance for the construction of new plants, and that they would be guaranteed a profit.

In 2007, SCE&G, which

today has 258,000 residential electricity customers, was charging about 10 cents per kilowatt hour. After eight rate increases under the BLRA, among other hikes, that rate is now at about 15 cents per kilowatt hour, an increase of 50 percent in 10 years.

The current SCE&G residential rate of \$0.14753 per kilowatt hour is also much higher than the average rate for South Carolina, which helped propel the state into the most-expensive position.

By comparison, Duke Energy Carolinas, one of two Duke divisions in the state, that together serve 612,000 residential electricity customers, was charging those customers just under 8 cents per kilowatt hour in 2007. Today, that rate is about 11 cents an hour, an increase of about 37 percent. Its current rate is much lower than the state average.

Duke Energy Progress, the other Duke division, was charging its residential electricity customers 9.6 cents per kilowatt hour in 2007. Today, it's charging about 11.3 cents per kilowatt hour, an increase of about 18 percent over 10 years. That current rate is also well below the state average.

Santee Cooper, which has about 177,000 retail power customers, currently charges its residential electricity users about 10.6 cents per kilowatt hour, which is even farther below the state average.

All of this at least suggests

two points.

The pain associated with having the highest average monthly retail electricity costs is not felt evenly in South Carolina.

Take SCE&G's rates out of the equation, average the rates from Duke and Santee Cooper, and South Carolina would rank somewhere between 8th or 9th most expensive, between Maryland and Georgia.

And if it were not for SCE&G's rate hikes tied to the BLRA and the utility trying to build the two nuclear reactors — by one estimate, the construction costs now account for 18 percent of residential customers' electricity

bills — there would be a lot less to see here.

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Electricity

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