Private Risk vs. Public Burden: Who Pays for Utility Failures?

In competitive markets, private investors decide whether to finance new energy projects, and they alone bear the risk of cost overruns or outright failure. If a project runs over budget or never produces a kilowatt of power, shareholders—not customers—absorb the loss. By contrast, in monopoly utility markets, investments are typically financed through captive ratepayers and utilities receive a guaranteed “return on equity” or profit for new builds.

Regulators allow utilities to recover construction costs, financing charges, and often even failed project expenses directly from monthly bills. This structure socializes the risk onto customers, who have no choice but to pay, while utilities and their shareholders are largely insulated. The result is that families and businesses end up underwriting projects that may be delayed, over budget, or never completed at all.

Examples of Failed Utility Generation Projects

Project	Years	Outcome	Assigned Costs	Financial Impact on Ratepayers
V.C. Summer Units 2&3 (SC)	2008–2017	Two AP1000 reactors canceled mid-build.	From ~$9B invested to total write-off.	Customers still covering **~$2.3B** debt via bill charges; total impact >$3.8B including settlements.
Article: Death of a nuke build: Summer abandonment leaves ratepayers holding the bag				
Crystal River 3 (FL)	Uprate begun 2009; retired 2013	Containment cracked twice during uprate attempt; plant shut permanently.	Repair est. $1.3–$3.4B; retirement securitized at ~$1.3B.	Customers paid **hundreds of millions** upfront and continue paying bond costs.
Article: Taxpayers Steaming Over Florida Nuclear Plant's Shuttering				

Levy County Nuclear (FL)	Proposed mid-2000s; canceled 2013	Planned two new nuclear units never built.	Peaked at **$24.7B** projected.	Customers paid **~$1B** in advance fees.
Article: Duke-Progress Energy Won't Build Troubled $25 Billion Nuke Reactors in Levy County				
Kemper "Clean Coal" CCS (MS)	2006 proposal; CCS abandoned 2017	CCS technology abandoned; plant runs on gas only.	From $2B to **$7.5B**.	Customers billed during build; MS Supreme Court ordered refunds; **~$6.4B** losses shifted to shareholders.
Article: Settlement reached over clean coal fiasco in Mississippi Southern Company's Kemper Power Plant: Latest Utility Boondoggle at the Expense of Customers				
San Onofre (CA)	2009–2013	Steam-generator replacement failed; plant retired.	~$680M replacement project → multibillion closure.	Settlement left customers covering **~$3.3B**, later reduced by $775M.
Article: Consumers to Pay $3.3 Billion in Deal to Close San Onofre				
Santee Cooper "Pee Dee" coal (SC)	2006–2009	Coal plant canceled mid-planning.	~$1B development/early costs.	Customers alleged to have been charged in rates despite cancellation.

Bellefonte (AL, TVA)	1970s–2010s	Two reactors started, never completed.	**~$6B** sunk over decades.	TVA ratepayers absorbed sunk costs; site sold off.
	Article: Bellefonte proposal risks public money for private profits			
WPPSS Plants 4 & 5 (WA)	1970s–1983	Nuclear projects halted; “Whoops” bond default.	**$2.25B** default; sunk billions.	Public utility customers on hook for debt service; broad fallout across NW utilities.
	Article: Court upholds WPPSS bond settlement			
Midland Nuclear (MI)	1968–1984	Construction canceled after defects/overruns.	Cost ballooned from ~$267M → **$4B** before cancellation.	Customers paid heavily via rate hikes; later converted to Midland Cogen Venture.

Overrun / Ongoing or Stranded-Cost Projects

Project	Years	Outcome	Assigned Costs	Financial Impact on Ratepayers
Plant Vogtle Units 3&4 (GA)	Approved 2009; Unit 3 online 2023, Unit 4 due 2024–25	Completed but vastly over budget/delayed.	From $14B to **$35–37B** (+7 years).	Customers paid **~$3.5–$4.1B** in advance financing; PSC approved **$7.56B** more in rates.
	Article: Report: New Nuclear Reactors To Cost Georgia Ratepayers Extra $420 Annually, On Average			

Coastal Virginia Offshore Wind (VA)	Approved 2021; in progress	Still under construction; costs rising.	From $9.8B → **$10.7B** (+$1B, ~10%).	Customers will absorb overruns via rate riders.
Article: ‘Bloody expensive.’ Major U.S. offshore wind plan hits obstacles				
Edwardsport IGCC (IN)	2007–2013	Plant built but plagued with problems.	From $1.9B → **$3.5B**.	Customers billed during build; settlements capped recovery; ~$85M+ absorbed by shareholders; customer refunds/credits ordered.
Article: Six days after opening, Duke Energy’s controversial $3.5B Edwardsport plant shut down				
Rush Island coal (MO)	Early 2020s	Ameren retired early to avoid scrubbers.	Avoided $1B scrubbers; securitized **$461M**.	Customers repay bonds over time; PSC said securitization saved ~$120M NPV vs. traditional recovery.
Article: Ameren Missouri will spend $61M to mitigate Clean Air Act violations from Missouri power plant				
Xcel Comanche 3 (CO)	2010–present	Plant operational but frequent outages.	~$1.3B build; tens of millions in losses.	Customers charged ~$28M already + risk of **$89M** more in “take-or-pay” water contracts; co-op won $26.5M settlement.
Article: Xcel Energy makes money building power plants. The more it builds the more consumers have to pay — with no end in sight.				

OVEC coal subsidies (OH/IN/KY)	Subsidies 2019–2025	State-mandated customer charges kept 1950s coal plants running.	~$500M+ collected.	Ohio customers billed directly until repeal in 2025.
	Article: Consumer advocates want $100 million returned after funds went to two Ohio coal-burning plants			
PNM Four Corners & Palo Verde (NM)	2024–2025 ruling	Regulators denied prudence for some coal/nuclear investments.	N/A	Customers avoided a proposed 9.7% increase; costs left unrecovered by utility.