

City of Abbeville Department of Public Utilities & Piedmont Municipal Power Agency (PMPA)

The City of Abbeville has been providing utility service to its customers since 1896.

Beginning in the early 1900's the City purchased its wholesale electric power supply from the Duke Power Company. This relationship lasted until 1940 when the Rocky River hydroelectric plant at Lake Secession was completed and went into operation. The unfinished dam was purchased by the City in the late 1930's, and was completed as a federal Public Works Administration project. The hydroelectric plant was able to generate enough power to supply the City's energy needs until the early 1950's. At that time, as the use of electric appliances and air conditioning began to grow, the City was compelled to again purchase wholesale power from the Duke Power Company to supply its growing demand for electricity.

The City's relationship with Duke remaining relatively stable until the early 1970's when the Arab oil embargo, energy crisis, runaway inflation, and double-digit interest rates caused Duke Power to begin adopting massive rate increases. Between 1971 and 1975 alone wholesale electric rates increased by a staggering 270%. By 1986 Duke Power's wholesale rate had risen by 480%!

At the same time Duke Power also notified its wholesale power customers in North and South Carolina that due to the dire financial condition of the company that it could not build any new power plants, and would not be able to guarantee a reliable supply of power. Rolling blackout contingency plans were developed and put into place to deal with potential energy supply interruptions.

Duke Power had plans to build more power plants to meet the growing demand for electricity, but due to high interest rates and rising fuel costs that had put the company in a precarious financial position there were no funds available to build the plants. In 1975 Duke Power approached the municipal electric utility systems and electric cooperatives in North and South Carolina requesting financial assistance to build a new nuclear power plant in York County, South Carolina.

Both states approved legislation that authorized municipalities to jointly build, finance, and own power plants. In 1979 the Piedmont Municipal Power Agency (PMPA) was formed to provide wholesale electric power to its member cities and to purchase ownership in the unfinished Catawba Nuclear Plant. The City of Abbeville became a charter member of PMPA along with the cities of Rock Hill, Laurens, Easley, Clinton, Greer, Westminster, Newberry, Gaffney, and Union. In 1984 the ten PMPA cities issued \$1.1 billion in bonds to finance their portion of the Catawba Nuclear Plant. That debt will be retired in September 2035.

The South Carolina and North Carolina Electric Cooperatives, PMPA, and the North Carolina Municipal Power Agency provided Duke Power with the \$3.5 billion that was required to construct and finish the Catawba Nuclear Plant. PMPA began supplying the City of Abbeville with wholesale power on June 21, 1985, and the City's wholesale power supply contract with Duke Power was terminated.

The federal license to operate the twin 1,129 megawatt reactors at the Catawba Nuclear Plant will expire in December 2043. At that time the plant will be decommissioned.

The City currently purchases 89% of its power from PMPA, 4% from the Southeastern Power Administration (SEPA), and generates 7% of its power at Lake Secession. When PMPA or SEPA adopts a wholesale power rate increase that higher rate, in most cases, has to be passed along to the City's utility customers in order to pay for the higher cost of electricity.