OF NUCLEAR INTEREST: Live in the moment mentality leads to financial woes

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Wicked Local Plymouth
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As the saying goes, hindsight is 20/20, and the adage couldn’t be truer for the town of Plymouth.

More than 40 years after the construction of the Pilgrim Nuclear Power Station residents are, indeed, looking back wishing they knew then what they know now – and looking to the future of Plymouth with uncertainty and trepidation.

In the late ’60s, commercial nuclear power plants were going up all over the U.S. and, at the time, allowing a nuclear power plant to be built in Plymouth seemed to be a positive thing. The prospect of good-paying jobs and reduced real estate taxes appeared to be a fair trade off for permitting Pilgrim into the town. No one could foresee that these perceived “gains” would later become liabilities for Plymouth.

Money, in the form of tax levies on Pilgrim, flowed into the town, allowing Plymouth to artificially lower taxes. New jobs, reduced real estate taxes, and the availability of tens of thousands of acres available for residential development created an influx of new residents to what was then a sleepy, seaside town – nearly tripling the population between 1970 and 1990. This created the demand for additional schools, town services and road construction and maintenance. In fact, seven of Plymouth’s 13 public schools were built between 1973 and 1998 and six fire stations were constructed between 1975 and 2001.

The town has depended heavily on tax revenue from Pilgrim; however, over time the amount Plymouth receives has decreased and will continue to decrease.

In 1973, a year after the plant became operational, Pilgrim contributed 50 percent of the town’s total tax levy.

By 1987, the percentage was down to 20.

In 1997 a state law deregulated power plants, which put Pilgrim’s value on the open market and considerably reduced the plant’s property assessment value and tax payments to the town.

In 1999, Entergy purchased Pilgrim from its former owner, Boston Edison. To give communities like Plymouth time to cope with deregulation, the state required that Pilgrim’s previous owner, Boston Edison, negotiate a schedule of payments in lieu of taxes (PILOT) with the town. The agreement stated that Edison would pay Plymouth $13 million a year through fiscal year 2005. In fiscal years 2006 and 2007, Edison would pay $12 million and $11 million respectively. Starting in fiscal 2008 (July 2007), Edison’s annual payments dropped significantly to $1 million, and stayed at that level through fiscal 2012, until Entergy’s license expired. On April 24, 2007, the town reached a new PILOT agreement with Entergy, netting the town a total of approximately $55 million through fiscal year 2013.

In the 1990s the town began collecting money for a stabilization fund in preparation for the decrease in payments from Edison. The town began using the funds in 2008 to offset the reduction in payments from $11 million to $1 million per year. Unfortunately, the fund was spent over a period of three to four years.

In August 2013, the Plymouth Board of Selectmen negotiated a new PILOT agreement between the town and Entergy, netting the town $28,750,000 over three years, with each payment representing about 6 percent of the town’s overall tax levy annually. However, the recent closures of other plants raise serious questions regarding future contributions by Pilgrim to the town’s operating budget as well as the financial future of Plymouth.

Last year the town set up a “plant mitigation” fund to soften the impact of reduced tax revenue received from Pilgrim. But will it be enough to support a town that’s financial sustainability was allowed to become dependent upon a source that will one day no longer exist? Will the town be able to handle the very real possibility of absorbing costs related to Pilgrim’s eventual closure – costs associated with storing spent fuel rods, maintaining security at the plant post-closure, and providing ongoing emergency planning? Would Plymouth (and neighboring towns) survive the financial repercussions of a potential accident at Pilgrim and subsequent costs to fix damages and loss of revenue from tourism?

Only time will tell.

Heather Lightner is a Plymouth resident, a registered nurse and president of the Concerned Neighbors of Pilgrim, a group of individuals concerned about the nuclear waste storage facility being built at the Pilgrim Nuclear Power Station in Plymouth.

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