Obama Provides $8.3 Billion Loan For Nuclear Plant

Darlene Superville, THE ASSOCIATED PRESS

WASHINGTON — President Barack Obama will announce a guarantee of $8.3 billion (C6.1 billion) in loans for the first new U.S. nuclear power plant in nearly three decades, underscoring the administration's efforts to reduce dependence on foreign oil.

Obama was to make remarks Tuesday after touring a jobs centre in Maryland. He was expected to announce the loans to build and operate a pair of reactors in Burke, Georgia, by Southern Co., an administration official said Monday.

The official spoke on condition of anonymity ahead of Obama's announcement.

Federal loan guarantees are seen as essential to spurring construction of new reactors because of the huge expense. Critics say the guarantees are a form of subsidy that will put taxpayers at risk given the industry's record of cost overruns and loan defaults.

The reactors, to be built by the Atlanta-based energy company, are part of a White House plan the administration hopes will win Republican support at a time when the public is expressing a desire for lawmakers to work together to solve problems.

Having Obama make the announcement also highlights the political weight the White House is putting behind the effort to use nuclear power and other alternative energy sources to reduce U.S. dependence on foreign oil and other fossil fuels, and create jobs at home.

But construction of the reactors — and the jobs the project is expected to create — are years away.

Southern Co.'s application for a license to build and operate the reactors is pending with the Nuclear Regulatory Commission, one of 13 such applications the agency is considering. The earliest any could be approved would be late 2011 or early 2012, an NRC spokesman said.

Southern Co. says the Georgia project would create about 3,000 construction jobs, while the new reactors would generate power for about 1.4 million people and permanently employ 850 people.

Obama called for "a new generation of safe, clean nuclear power plants" in his State of the Union address last month, and followed that by proposing to triple new federal loan guarantees for new nuclear plants. The president's budget proposal for 2011 would add $36 billion in new federal loan guarantees to $18.5 billion already

budgeted but not spent — for a total of $54.5 billion.

That sum is enough to help build six or seven new nuclear plants, which can cost at least $8 billion apiece.

Rising costs, safety issues and opposition from environmentalists have kept utility companies from building new nuclear power plants since the early 1980s. The 104 nuclear reactors currently operating in 31 states provide about one-fifth of the electricity in the U.S.

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