



Does anybody remember Popeye? His friend Wimpy liked to say, “I would gladly pay you Tuesday for a hamburger today!” The Missouri Legislature is considering pulling a [Reverse Wimpy](#). The Jefferson City solons are considering a bill that would let an electric utility say “I would gladly give you a power plant “tomorrow” if you will pay me “today”.

Should we care?

The conventional approach is to start paying a regulated utility for a new power plant only after it has become “used and useful.” That way, the utility bears the risk of construction delays, cost overruns, and design mistakes. It also means that the utility is on the hook if it decides to build a plant that it doesn’t need.

In this context, risk can be a good thing — if it motivates an electric company to act wisely. Conversely, when regulators shield a utility from risk, the company may not care as much if an investment proves to be a dud. This allocation of risk has been very important in the past — especially when a number of utilities started building nuclear power plants that were unnecessary. After facing substantial losses from investments that did not pan out, utilities retrenched and stopped building nuclear plants at a time when the public did not want them.

Now, things seem to have changed. A Missouri utility wants to build a new nuclear reactor



at the Callaway Nuclear Plant, and says it won’t do it unless it is paid for construction as it goes along. This could be a significant factor, since a nuclear plant can take many years to complete, and this one is expected to cost \$6 billion.

Some are ready to start building new nuclear plants — despite the exorbitant cost and the absence of a permanent storage system for high-level radioactive waste. And despite enhanced terrorist concerns. This, of course, is due to the promise of nuclear plants as a way to deliver the kind of electric service we are accustomed to without contributing significantly to greenhouse gas emissions.

In deciding whether Missourians should pay ahead, the Legislature might want to think about the implications of shifting all or most of the risk from the ones who are deciding how to spend the \$6 billion to those who have no say in the matter. And if risk shifting is good for nuclear plants, perhaps we should think about its merits for windfarms and large solar facilities, as well.