Downward trend?



SPECIAL TO THE JOURNAL

Duke Energy's Oconee Nuclear Station will pay about $27 million in property taxes to Oconee County for the 2013 tax year.

Nix expects Duke Energy tax assessment to decrease in years to come

BY NORMAN CANNADA
THE JOURNAL

WALHALLA — Oconee County Auditor Ken Nix predicted a "downward trend" in the assessed value of Duke Energy's Oconee Nuclear Station and suggested there will come a time when the reactors at the Oconee plant are no longer used.

"Based upon their investments and acquisitions, I do predict that Oconee County will see a downward trend in assessed values in years to come," Nix said during a County Council meeting Tuesday night. "There are two new reactors being built at Cherokee to go along with the one they already have functioning. That's one example that I use to express my opinion that based on their income and expense method that they use to evaluate assessed value for the communities in North Carolina and South Carolina, I think that a lot of their money is going to be spent elsewhere, and it's not based on the assets on Oconee soil."



Nix

Nix said Duke's assessed value for the 2013 tax year was $132.5 million, which was a net gain for the county of $140,000 in assessed value over 2012. Concern about Duke's assessed value has risen after it dropped by about $10 million a year ago. The Oconee plant accounts for about 25 percent of the

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DUKE: 'It is probably going to be a revenue stream that is less and less for Oconee'

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county revenue that pays ad-valorem taxes required to fund the county and school operations, including debt service.

In response to questions about Nix's comments from The Journal, Duke spokeswoman B.J. Gatten issued a statement from the company saying several projects currently under way should have a "positive impact on Oconee's tax contributions for the next few years."

"Those are capital projects that cannot be taxed until complete," according to the Duke statement. "Based on the current state methodologies for assessing property values, these projects should have a positive impact on the assessed value of Oconee Nuclear Station."

In the statement, the company said it "applies its financial resources to all of its assets based on needs."

"Duke has made a significant investment in Oconee and will continue to do so as needs indicate," the statement said.

Nix called Duke Energy "a good neighbor, providing a lot of services to the community," but added that the plant may one day cease operation.

"Most of us probably won't see the end of these reactors being used in Oconee County, but our children and grandchildren will," Nix told the council. "I think the only thing we can do is brace ourselves for decreases in assessed value for Duke Energy for years to come. I think we'll start seeing that during our terms in office."

The Oconee Nuclear Station is licensed by the Nuclear Regulatory Commission to operate another 20 years, and "there have been no definitive decisions made about Oconee's operation beyond its current license extension," the statement read.

Council Chairman Joel Thrift said council members and other county officials have talked about the potential that taxes from Duke may decrease.

"There's always that possibility — not anyone of us knows the future, but it is probably going to be a revenue stream that is less and less for Oconee County in the future," Thrift said. "Of course, I think they'll always have a presence. It's not just nuclear. They do have a hydroelectric facility there too. They'll always have an imprint. That's several years down the road. They are still doing some renovations and upgrades."

Thrift said he sees the county's emphasis on economic development "taking up the slack" as more businesses and industries move to Oconee County.

Councilman Wayne McCall said he believes economic development is also one of the answers and that the county needs to do more to make the county more attractive to potential companies.

He added that the council also needs to do more financial belt-tightening and said he is concerned about too much "wasteful spending" in Oconee County government.

"If you see the money (from Duke) may stop coming in, it's time to stop growing the government," McCall said.

Oconee School Superintendent Mike Lucas said Duke's future assessments will affect school millage rates in the county.

"We're very fortunate to have Duke in the calculation of assessed value," said Lucas, whose schools are being financed with 141.1 mils this year. "Because of that, the school district taxes in Oconee County are much lower. If you look at some districts in the state, they are 300 mils."

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