

VOGTLE UNITS 3 & 4 PRUDENCY REVIEW

Docket 29849

**Order Regarding Supplemental Information,
Staff Review, and Opportunity for Settlement**

Vogle Units 3 & 4 Prudency Review Summary

- Georgia Power is seeking review and certification of all costs up to December 31, 2015 or \$3.509 billion and all forecasted costs that they deem prudent and reasonable
- Georgia Power's current forecast of Project costs have increased from \$6.113 billion to \$7.862 billion (15th VCM Report, Table 1.1, p. 6)
- Costs certified as "prudent and reasonable" are not subject to any future review or disallowance
- Certified costs are included in the Company's rate base for recovery from ratepayers
- Vogle Units 3 & 4 are currently 39 months behind schedule
- As part of its \$7.862 billion forecasted cost the Company is seeking its "delay" financing costs of \$700 million
- PSC Staff will present their recommendation to the Commissioners on October 19, 2016

Vogtle Prudency Review Timeline

- **March 2009** – PSC approves the construction of Vogtle Units 3 & 4 with an in-service cost of \$6,446,564,927 for Georgia Power's share of the total Project cost of ~\$14 billion (Docket 27800)
- **February 2010** – Vogtle Units 3 & 4 in-service cost reduced to \$6.113 billion because of Senate Bill 31, the Georgia Nuclear Energy Financing Act (NCCR)(Docket 29849)
- **January 2011** – GPC begins collecting financing costs in advance via NCCR
- **June 2013** – Georgia Power requests increase of \$737 million to the certified cost of Vogtle Units 3 & 4 in 8th VCM (Docket 29849)
- **July 2013** – Georgia Power and PSC Advocacy Staff enter Stipulation not to amend the Certificate for Vogtle Units 3 & 4 and to delay prudency review until completion of Unit 3 (2019 or later), due to ongoing litigation with the Contractor (Westinghouse)
- **January 21, 2016** – Georgia Power files request to add \$350 million in litigation settlement costs to the certified cost of Units 3 & 4
- **January 28, 2016** – Commissioner Wise announces motion to initiate prudency review of all Vogtle costs to date at Energy Committee meeting
- **February 2, 2016** – Commission approves prudency review (Docket 29849)
- **April 5, 2016** – Georgia Power prudency review filing made
- **May 19, 2016** – Intervenor comments filed
- **October 19, 2016** – PSC Staff to present recommendation to Commission

Comparison Between Vogtle 1 & 2 and Vogtle 3 & 4 Prudency Reviews

Vogtle 1 & 2 Prudency Review

- Planned process, advance notice
- Several weeks of public hearings
- PSC Staff conducted discovery from Georgia Power Company
- Senior Georgia Power officers testify at the hearings
- Pre-filed testimony from all witnesses
- Cross-examination of all witnesses
- Public witnesses testified at the hearings
- PSC Staff provided adequate funding and support

Vogtle 3 & 4 Prudency Review

- No advance notice, expedited process
- Possible hearing or limited hearings
- PSC Staff conducted discovery from Georgia Power Company
- No senior Georgia Power officers testify at hearing or hearings
- Pre-filed testimony from witnesses??
- Cross-examination of witnesses??
- Public witnesses allowed to testify at hearing??
- Open and transparent process??
- No additional funding or support for the PSC Staff

Utility Company Funding for PSC Consultants and Expenses

- \$600,000 Docket 29849 Annual funding for Vogtle construction monitoring review consultants
- \$408,920 Dockets 40161 & 40162 August 16, 2016 Funding to hire Accoin Group as Independent Evaluator for Georgia Power IRP and implementation of the Renewable Energy Development Initiative (REDI)
- \$64,000 Dockets 8516 & 29950 August 16, 2016 Funding for assistance to audit Atlanta Gas Light Company STRIDE program
- \$2,995 Docket 27800 January 19, 2016 Pay subscription fees to ClimateWire, E&E Daily, Greenwire, E&E NewsPM, etc.
- \$264,480 O.C.G.A. § 46-2-33 November 3, 2015 Consulting fees re AGL Resources merger with Southern Company
- \$6,000 Docket 27800 October 20, 2015 Amend contract with DTI for data conversion, document production, etc.
- \$119,000 O.C.G.A. § 46-2-33 October 6, 2015 Consulting fees re AGL Resources merger with Southern Company
- \$439,598 O.C.G.A. § 46-2-33 July 21, 2015 Consulting contracts for 2016 Georgia Power IRP case
- \$174,046 O.C.G.A. § 46-2-33 July 21, 2015 Consulting contracts for 2016 Georgia Power DSM case

Problems With Certifying Vogtle Costs As Prudent and Reasonable

- Vogtle Units 3 & 4 are currently 39 months behind schedule
- From the beginning of the Project the Contractor had serious problems with module and sub-module fabrication
- The Contractor did not have a complete Integrated Project Schedule for 6 years into the Project's construction
- Any costs in the \$3.509 billion for current construction allocated to Vogtle Units 1 & 2 are not prudent
- Costs for systems or equipment that must be tested and cannot currently be determined to be working and operational should not be considered prudent until tested
- Georgia Power's share of litigation settlement costs are not prudent
- Georgia Power is seeking recovery of \$700 million for interest accrued during the current 39 month construction delay
- The prudency review process lacks transparency and adequate resources and time have not been allocated to the review by the Commission

Vogtle By the Numbers

- ✓ **\$14 billion** – original total cost of Vogtle Units 3 and 4 (Georgia Power owns 45.7% of the Project and Oglethorpe Power, MEAG and the City of Dalton own the rest of the Project)
- ✓ **\$6.113 billion** – Georgia Power's original share of the Vogtle Project costs (\$4,418 billion construction and \$1.695 billion financing costs)
- ✓ **\$7.862 billion** – total current forecasted cost (\$5.440 billion construction and \$2.422 billion financing costs)
- ✓ **\$3.509 billion** – Vogtle construction costs up to December 31, 2015 (does not include financing costs)
- ✓ **\$350 million** – Georgia Power's share of litigation settlement costs they want to add to the Project costs
- ✓ **\$1.9 billion** – financing charges collected through the Nuclear Construction Cost Recovery rider through 2016 – consumers are currently charged 9.7357% on their base rates every month
- ✓ **\$1.044 billion** – Federal Production Tax Credits that will be lost if both units are not operational by December 31, 2020
- ✓ **\$3.46 billion** – Amount of Department of Energy loan guarantee to Georgia Power (total Project received \$8.3 billion in loan guarantees)

Vogle's Delay by the Numbers

- ✓ **\$2.422 billion** – total current estimated financing costs due to the 39-month delay; now largest share of cost overruns
- ✓ **\$1.264 billion** – additional financing costs due to ~46% tax gross up rate (13th VCM)
- ✓ **\$3.686 billion** – total current forecasted financing and tax costs
- ✓ **\$500 million** – estimated replacement fuel costs for 39-month delay (14th VCM, P. Hayet pre-filed testimony, Table 2, p. 15)
- ✓ **\$5.8 billion** – current estimated overall impact on the ratepayer revenue requirement from delays and cost overruns over the anticipated 60-year life of the project
- ✓ **~\$21 billion** – current total project cost (13th VCM)

Additional Resources

- All Docket 29849 filings before GA PSC:
<http://www.psc.state.ga.us/factsv2/Docket.aspx?docketNumber=29849>
- SACE May 19, 2016 Comments on GA Power Supplemental Information Report from April 5, 2016:
<http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=163759>
- Relevant SACE blogs:.
 - August 16, 2016: <http://blog.cleanenergy.org/2016/08/16/green-light-for-new-nuclear-power-continues-in-georgia/>
 - April 1, 2016: <http://blog.cleanenergy.org/2016/04/01/congrats-to-georgia-power-for-bringing-new-nuclear-reactors-at-plant-vogtle-online/>
 - January 11, 2016: <http://blog.cleanenergy.org/2016/01/11/how-much-does-it-cost-to-build-southern-co-s-new-nuclear-reactors-at-plant-vogtle/>