



Oglethorpe Power response to Georgia Power press release of September 24, 2018

In the face of a misinformation campaign, we want to reaffirm that we hope Plant Vogtle will become a reality and that the hardworking people on the project will not lose their jobs. However, we cannot abdicate our duty to our members.

Contrary to Georgia Power's talking points, when we agreed to the Vogtle 3 and 4 partnership a year ago (after the Westinghouse bankruptcy) the contract with Georgia Power/Southern Nuclear – the project lead – provided all co-owners with certain off-ramps if needed called Project Adverse Events (PAEs). One such PAE stipulates that if the construction budget increases by more than \$1 billion, which it did, that is a triggering event mandating all project partners must come together and agree to move forward. In fact, the PAE was exceeded by 2.3 times that amount in a matter of eight months with a remaining four year construction cycle.

So, in seeking to cap costs before agreeing to move forward, we are exercising our co-owner agreed upon rights, which are well known among all partners, and are not being obstructionists as Georgia Power has claimed. We believe we are being common-sense protectionists of our member-consumers, regardless of tremendous business and political pressure because it is simply the right thing to do.

The fact is, Georgia Power also triggered a second PAE by taking the budget increase to their equity investors instead of putting it in their rate base. This again mandated that all co-owners respond via a vote to move forward. Unfortunately, Oglethorpe Power, nor any of the other minority partners have the luxury of taking such increases to their equity investors, meaning the only way to recoup budget increases is through higher electric rates, thus a cap is a sensible and equitable solution.

Let the record show that Oglethorpe Power is far from being obstructionist to the project as evidenced by the fact we would be willing to shoulder our burden of the \$2.3 billion overrun, which includes an \$800 million contingency. In fact, we have offered Georgia Power and its parent, Southern Company, several options to help us protect rural members. One such option includes an additional \$800 million contingency of which we would pay our fair share, but no more.

Additional inaccuracies in Georgia Power's September 24, 2018 press release included the following statement:

Last year, all four of the project's co-owners presented a unified recommendation to the Public Service Commission to continue construction of Vogtle 3 and 4 following the 2017 Westinghouse' bankruptcy in 2017. At that time, all four of the project co-owners considered their own costs and fully acknowledged and accepted possible risks associated with continuing construction. This understanding was reaffirmed last year when all four co-owners voted to continue construction.

The reality: In 2017, Southern Nuclear's chief executive officer stood in front of our members and told us Southern Nuclear had created a budget for completion of Plant Vogtle 3 and 4 that it and Georgia Power, in its role as agent, believed to be carefully constructed and reliable.

Yet, less than a year later, Southern Nuclear and Georgia Power informed Oglethorpe that the 2017 project construction budget was significantly deficient – in not just one, but nearly every material category – in the amount of \$1.5 billion. Southern Nuclear and Georgia Power now tell us the combination of errors that led to this astonishing budget bust were one-time events that have been identified and corrected, and the new project construction budget with a total increase of \$2.3 billion (reflecting an \$800 million contingency) again has been carefully constructed and can reasonably be relied upon by Oglethorpe and its members. This budget failure by Southern Nuclear, together with Georgia Power's decisions not to submit these additional costs to their ratepayers, triggered the Project Adverse Events that the co-owners now face. Oglethorpe never agreed to accept all possible risks for this project. The truth of this for all co-owners is evidenced by the numerous circumstances that trigger Project Adverse Events.

In its release, Georgia Power also attempts to impeach our credibility by quoting from our August 2017 presentation to the Georgia Public Service Commission in which our CEO expressed Oglethorpe's confidence in a revised capital budget and reiterated our choice to take a long-term view of stable prices and fuel diversity.

The fact is, that statement was made *after* we heard from Southern Company asserting they had a true and accurate budget. Less than a year later, they advised us they missed the mark by \$2.3 billion – not an insignificant sum.

One additional clarification that we do not believe is difficult to understand: We are not asking for Georgia Power or Southern Company to "pay our share." Once the lead partner triggered the opportunity to vote, we exercised our right to bring issues to the forefront that have been expressed privately over the past year and that is, rural Georgians cannot withstand ever-escalating rates and it must be stopped. We have asked that Southern Company, as a for-profit entity with the most to gain from Plant Vogtle, to take the excess costs to their investors whose very presence aligns with risk taking.

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