

Georgia regulators approve Vogtle costs

By Housley Carr in Nucleonics Week, August 23

The Georgia Public Service Commission on August 21 unanimously approved the spending that Georgia Power made in second-half 2011 on the two-unit expansion of the Vogtle nuclear station.

Georgia Power's share of the construction costs of Vogtle-3 and -4, in which the utility holds a 45.7% ownership interest, is monitored by the PSC through monthly filings and construction monitoring reports that are filed every six months.

The PSC's Public Interest Advisory Staff had recommended commission approval of Georgia Power's spending on the Vogtle project in second-half 2011. NRC on February 10 issued combined construction permit-operating licenses for the two Westinghouse AP1000 units, rated at about 1,100 MW each. The staff said in its August 10 recommendation, "Although questions have been raised about potential cost increases and schedule slippage, no party to this proceeding has filed objections or presented testimony against approval of expenditures during the [second-half 2011] reporting period and [Georgia Power] has not requested any changes to the project schedule."

The amount Georgia Power spent on Vogtle in the six-month period is considered a trade secret and was not made public.

Without discussion, the PSC also approved the advisory staff's recommendation that in future Vogtle construction monitoring filings, Georgia Power work with staff to develop and include "delay scenarios" to describe how project costs might be affected by a possible decision to stretch out the project's construction schedule.

In an August 6 filing to the US Securities and Exchange Commission, Georgia Power parent Southern Co. said the co-owners of the Vogtle expansion project are in talks with the project's contractors about how to deal with costs associated with design changes and delays in securing COLs from NRC. The new units, and the two existing ones at Vogtle, are owned by Georgia Power, Oglethorpe Power, the Municipal Electric Authority of Georgia and the city of Dalton, Georgia.

In the SEC filing, Southern said that "[i]n connection with these negotiations, the [project] owners are evaluating whether maintaining the currently scheduled commercial operation dates of 2016 and 2017 remains in the best interest of their customers."

In its recommendation to the PSC, the advisory staff said it "has requested that [Georgia Power] work with staff to identify delay scenarios to be included in its economic analyses developed for future [Vogtle construction monitoring] filings. The company has indicated it would work with staff to design delay scenarios for future filings," staff said.

At its August 21 meeting, the PSC also endorsed staff's recommendation that the commission reject consumer group Georgia Watch's call to implement a risk-sharing mechanism under which Georgia Power shareholders and ratepayers would share the burden of project cost overruns.

Georgia Watch said in its final brief that the Vogtle expansion project is "only one-third complete and ... already on the brink of proving to have been an uneconomic decision for consumers." The group said

the PSC's decision last August not to impose a risk-sharing mechanism "is proving itself to be harmful to consumers and must be revisited in the next construction monitoring case," which will consider Georgia Power's Vogtle expenditures during first-half 2012.

In a statement issued after the PSC meeting, Helen O'Leary, Georgia Watch's consumer energy program director, said there is "no reasonable basis for the commission's unwillingness" to put in place a risk-sharing mechanism, which she called "a basic, common sense protection for ratepayers on this multi-billion dollar nuclear project." O'Leary said that the first two nuclear units at Vogtle, built more than 20 years ago, cost "over \$8 billion more than what Georgia Power represented they would be," and that ratepayers would face "serious financial exposure if the [expansion] project has cost overruns like the last one did."

Finally, the PSC agreed with staff that the commission should reject Southern Alliance for Clean Energy's request that the Vogtle project be canceled now.

"SACE continues to oppose the Vogtle project and recommends cancellation in favor of alternative capacity resources," the PSC staff said in recommending rejection of the group's call. It said SACE recommends "rejection of all costs submitted by the company during this construction monitoring period due to poor project management and lack of meaningful economic analyses."

At a PSC energy committee meeting August 16, commissioners reiterated their belief that the Vogtle project continues to be in the public interest, and that there is no reason to cancel the project.