



## Media Release

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### **Georgia Watch: Ratepayers Need Protection in Nuclear Construction Plan**

Atlanta, GA --- Georgia Watch intervened today on behalf of ratepayers before the Public Service Commission (PSC) in support of a cost control plan for the construction of two new reactors at Plant Vogtle, near Augusta.

Specifically, Georgia Watch advocated for a risk sharing mechanism (RSM) that spreads the project's financial burden in the event of cost overruns. This position is also shared by PSC staff. Reports have already indicated that construction is months behind, with additional delays on the horizon due to increased scrutiny by federal regulators.

Despite these red flags, Georgia Power has taken a firm position against any risk sharing mechanism that impacts its profit margin.

"If Georgia Power gets its way, ratepayers would be solely responsible for paying for all cost overruns, even though they have no control over the construction process," said McGuire. "We believe Georgia Power's shareholders should take on some of the burden in case the project goes over budget."

Georgia Watch and PSC Staff are urging commissioners to adopt a RSM that would reduce Georgia Power's profit margin in the event of cost overruns and provide financial incentives to finish the project on time and under budget.

"The Commission's adopting a risk sharing mechanism would be exceedingly reasonable and more than fair to Georgia Power. Not only would Georgia Power recover all prudently-incurred costs, but Georgia Power would continue to earn substantial profits-- even if cost overruns materialize," said McGuire.

McGuire reiterated that the only aspect of the project impacted by an RSM agreement is the amount of profit Georgia Power will earn. On a Vogtle-related note, the Company is already collecting more than a billion dollars of early profit through state legislation passed in 2009 that allows Georgia Power to collect the prepayment of financing charges for the two new units under construction at Plant Vogtle, even though these units are not scheduled to go online until 2016 and 2017, respectively. Customers began paying this charge in January 2011, the same month in which Georgia Power's most recent rate increase took effect.

"Georgia Power is already collecting financing charges for reactors that aren't even built yet. Now they want ratepayers to be on the hook for the entire bill if construction costs balloon. It's unfair to customers, who deserve some protection from getting stuck with the tab for likely and potentially huge cost overruns," said Angela Speir Phelps, Georgia Watch Executive Director and former PSC commissioner.

The five-member PSC will vote on the matter on August 2.

*Founded in 2002, Georgia Watch is a nonprofit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of health care, insurance, identity theft, consumer energy issues and personal finance. For more information, call Georgia Watch at 404-525-1085, or visit us at [www.georgiawatch.org](http://www.georgiawatch.org).*