



## Media Release

August 2, 2011

For more information:  
Jonathan Shapiro 404.525.1085 ext. 15

### **PSC Rejects Key Consumer Protection Plan on Multibillion-Dollar Nuclear Project**

Atlanta, GA --- Today, the Public Service Commission voted unanimously to adopt a settlement that will result in ratepayers' footing the entire bill for any and all cost overruns incurred during the construction of Plant Vogtle units 3 and 4, while allowing Georgia Power to continue to earn more than 11 percent if such overruns occur.

"This settlement is yet another example of the Public Service Commission caving in to pressure from Georgia Power and placing the financial interests of the utility above those of everyday hardworking Georgians- including thousands of business customers who are Georgia Power ratepayers," said Georgia Watch Executive Director Angela Speir Phelps, herself a former public service commissioner.

Since 2010, state regulators at the PSC and attorneys for Georgia Power have been embroiled in tough negotiations over a risk-sharing mechanism (RSM) intended to balance the financial interests of ratepayers and Georgia Power shareholders. On December 10, 2010 the PSC staff proposed a plan that would have allowed Georgia Power to recover from customers all cost overruns deemed prudent by the PSC, and would have provided for incremental downward adjustments to Georgia Power's profit if the price tag ballooned above the \$6.1 billion dollar projected cost. The plan also provided an incentive to Georgia Power to finish the units on time and under budget. Georgia Power strongly opposed the staff proposal. Throughout the RSM hearings before the PSC, Georgia Watch supported the PSC staff's December 2010 RSM and advocated for a proposal that would better align the interests of ratepayers and Georgia Power shareholders.

Today, commissioners approved a settlement, which not only leaves ratepayers solely responsible for cost overruns, but allows Georgia Power to collect its normal profit margin of more than 11 percent. Regulators apparently caved in to Georgia Power's firm opposition to an RSM, leaving Georgia Power ratepayers vulnerable to an unlimited price tag on cost overruns.

"Commissioners approved a plan that actually rewards Georgia Power shareholders if and when the project goes over budget, as long as the Commission finds that the cost overruns were reasonable," said Georgia Watch Consumer Energy Director Clare McGuire.

Commissioners originally called for the RSM negotiations because of the notoriously risky nature of nuclear plant construction. The last two reactors built in Georgia were estimated at \$600 million, but wound up costing more than \$8 billion.

Last week, Southern Company CEO Tom Fanning said that the Nuclear Regulatory Commission might not issue the construction and operation license for the Vogtle units until early 2012, which is later than Georgia Power (Southern Company's largest subsidiary) had expected. Despite this potential setback, Georgia Power officials insist the project is still on schedule and the first reactor will come online in 2016.

Georgia Power is already collecting more than a billion dollars of early profit on the Vogtle project as a result of state legislation passed in 2009, even though it will be years before the reactors become operational. Georgia Power also recently received PSC approval to raise base rates by more than 10 percent, causing customers throughout the state to complain about soaring summer bills.

*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).*