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For IMMEDIATE RELEASE

NEWS RELEASE

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Commission Staff and Georgia Power Reach Agreement on Review of Plant Vogtle Construction Costs

Current Customers rates reduced by \$325 million through 2020

ATLANTA, October 20, 2016 – The Georgia Public Service Commission Staff and Georgia Power Company have signed an agreement in the Commission directed review of the construction costs of Georgia Power Company’s Nuclear Plant Vogtle Construction Project in Docket 29849. The proposed agreement means customers over the next four years will see a reduction of approximately \$325 million in costs towards the construction of units 3 and 4 at Plant Vogtle. The final decision on this issue however is up to the full Commission who may approve, reject or modify the agreement. Regardless, the Commission intends to conduct hearings on the proposed agreement to give all parties an opportunity to comment. In the coming days the Commission is expected to schedule a hearing before taking any further action on the settlement.

The Commission directed Staff and the Company through a February 5, 2016 Order to review the reasonableness of all costs incurred in the project through December 31, 2015 and whether the capital cost forecast should be adjusted. If approved by the Commission, the capital cost forecast of Georgia Power’s share of the plant would be adjusted to \$5.68 billion including a \$240 million contingency. State law provides a process for making periodic adjustments in the forecast when justified.

Under the terms of this settlement, staff and Georgia Power Company agreed no costs incurred through 2015 were imprudent and the recent settlement reached between the plant owners, including Georgia Power, and contractors on the project is reasonable and prudent.

Current customers will see a reduction of approximately \$325 million in rates over the next four years as a result of the agreed upon reductions in Georgia Power’s allowed return on equity (ROE) associated with its Nuclear Construction Cost Recovery tariff and deferring the cash recovery of certain other related financing costs. The impact of reducing the allowed ROE on project financing costs reduces shareholder earnings by approximately \$115 million over the same period. If the project is not in commercial operation by December 31, 2020, additional reductions in ROE are provided for in the settlement agreement.

“Current Georgia Power ratepayers have paid \$1.8 billion in financing costs for Plant Vogtle thus far,” said Tom Bond, the Commission’s Director of Utilities. “We felt it was appropriate that these current customers get the lion’s share of any benefits from the settlement and that shareholders should also contribute in a meaningful way,” said Bond.

Plant Vogtle is a nuclear power electric generating plant near Waynesboro, Georgia. When fully operational, Units Three and Four now under construction will produce 2,200 Megawatts of electricity, enough to power

about 500,000 homes. Plant Vogtle Units One and Two have been in commercial operation since 1987 and 1989 respectively.

The Commission certified Georgia Power's share of the construction cost of Plant Vogtle Units Three and Four on March 17, 2009 at \$6.114 billion. Georgia Power owns 45.7 per cent of Plant Vogtle with its partners, Oglethorpe Power Corporation, Municipal Electric Authority of Georgia and the City of Dalton Utilities.

The Georgia Public Service Commission is a five-member constitutional agency that exercises its authority and influence to ensure that consumers receive safe, reliable, and reasonably-priced telecommunications, electric and natural gas service from financially viable and technically competent companies. For more information on the Commission visit our web site at www.psc.state.ga.us .

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