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NEWS RELEASE

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Commission Approves Agreement on Plant Vogtle Construction Saves Georgia Power Ratepayers \$325 Million

ATLANTA, December 20, 2016 – Georgia Power ratepayers will benefit immediately as a result of the Georgia Public Service Commission (Commission) unanimous approval today of an agreement in the Commission directed review of the construction costs of Georgia Power Company's Nuclear Plant Vogtle Construction Project in Docket 29849. Over the next four years, customers will see a reduction of approximately \$325 million in costs towards the construction of units Three and Four at Plant Vogtle.

Both Commission Chairman Chuck Eaton and Commissioner Stan Wise praised the Commission Staff for reaching the agreement with Georgia Power in this docket. "It's never an easy process, and the nature of stipulations is that both parties give up a lot. But we are able to front load a lot of the \$325 million in savings to give ratepayers immediate relief," said Eaton. "I think the Staff and Company has done a great job."

Commissioner Stan Wise, who will become the Commission Chair in 2017, said, "This agreement is an extraordinary balance of interests among all the parties. It delivers \$325 million in savings to current customers. The agreement also provides significant back end reductions through reductions in the Company's ROE should construction costs exceed the \$5.68 billion or the project is delayed beyond December 31, 2020."

"This agreement will benefit ratepayers now rather than waiting until these units begin operation," said Commissioner Doug Everett of Albany. "Plant Vogtle remains a necessary part of our overall generation mix to provide reliable, carbon free energy for more than 60 years," Everett added.

"Today's vote means savings for consumers now and in the future. It also gives the Company powerful incentives to make sure this project stays on schedule," said Commission Vice-chair Lauren "Bubba" McDonald. "Plant Vogtle is an important economic engine for this state to keep rates low and affordable."

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 (NCCR) 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.

In keeping with the approved agreement, the Commission approved a zero (\$0) increase for 2017 in the NCCR. The Commission also approved a motion by Commissioner McDonald to require Georgia Power to show the estimated amount customers will save in a message box on future bills beginning in the first quarter of 2017. The savings will be included on the bills quarterly and include estimates for the typical residential customer. This order will remain in effect as long as the NCCR tariff is in place.

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. Under the stipulation as approved, 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.

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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