

**BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
STATE OF GEORGIA**

In Re:)	
Review of Proposed Revisions and)	
Verification of Expenditures Pursuant to)	Docket No. 29849
Georgia Power Company's Certificate of)	
Public Convenience and Necessity for)	
Plant Vogtle Units 3 and 4,)	
13th Semi-annual Construction)	
Monitoring Report)	

NUCLEAR WATCH SOUTH PROPOSED ORDER

Nuclear Watch South respectfully submits its Proposed Order to the Georgia Public Service Commission (PSC *or* Commission) in the 13th Vogtle Construction Monitoring Review in accordance with standard practice as described in Procedural and Scheduling Order (Amended).

SUMMARY

In its Proposed Order, Nuclear Watch South submits its findings that:

- 1) The PSC should reimburse Georgia Power for \$148 million in expenditures in accordance with the 8th VCMR Stipulation.
- 2) Georgia Power's forecasted need for Vogtle 3 & 4 was wrong. The Company is now overbuilt in a consistently flat market. Vogtle 3 & 4 are not needed.
- 3) Georgia Power's profits have gone up substantially during Vogtle construction.
- 4) Vogtle 3 & 4 do not meet the Public Convenience and Necessity test and the certificate for Vogtle expansion should be revoked.
- 5) The PSC has responsibility to ensure Georgia consumers reliable electricity at reasonable rates, the mandate to weigh all the evidence before issuing an opinion, and the power to revoke the certificate of a resource that does not meet the necessity test.
- 6) Georgia Power will not be harmed by decertifying Vogtle 3 & 4 construction as it may recover the cost of shutting down the unneeded nuclear plants at Vogtle 3&4.
- 7) Shield building information redacted in the 13th VCMR should be made public as recommended by PSC Staff and considered relevant for examination in the 14th VCMR.

**I. GEORGIA POWER IS ENTITLED TO REIMBURSEMENT OF EXPENDITURES AS
AGREED IN THE 8TH VCMR STIPULATION**

The PSC should reimburse Georgia Power for \$148 million in expenditures in accordance with the 8th VCMR Stipulation. The Stipulation entitled Georgia Power to receive reimbursement for expenditures without consideration of prudence until it reaches its certified capital cost ceiling. The stipulation states that prudence review will be held in abeyance until after Vogtle 3 is completed. As neither milestone has been reached, Georgia Power is entitled to recover its request for \$148 million.

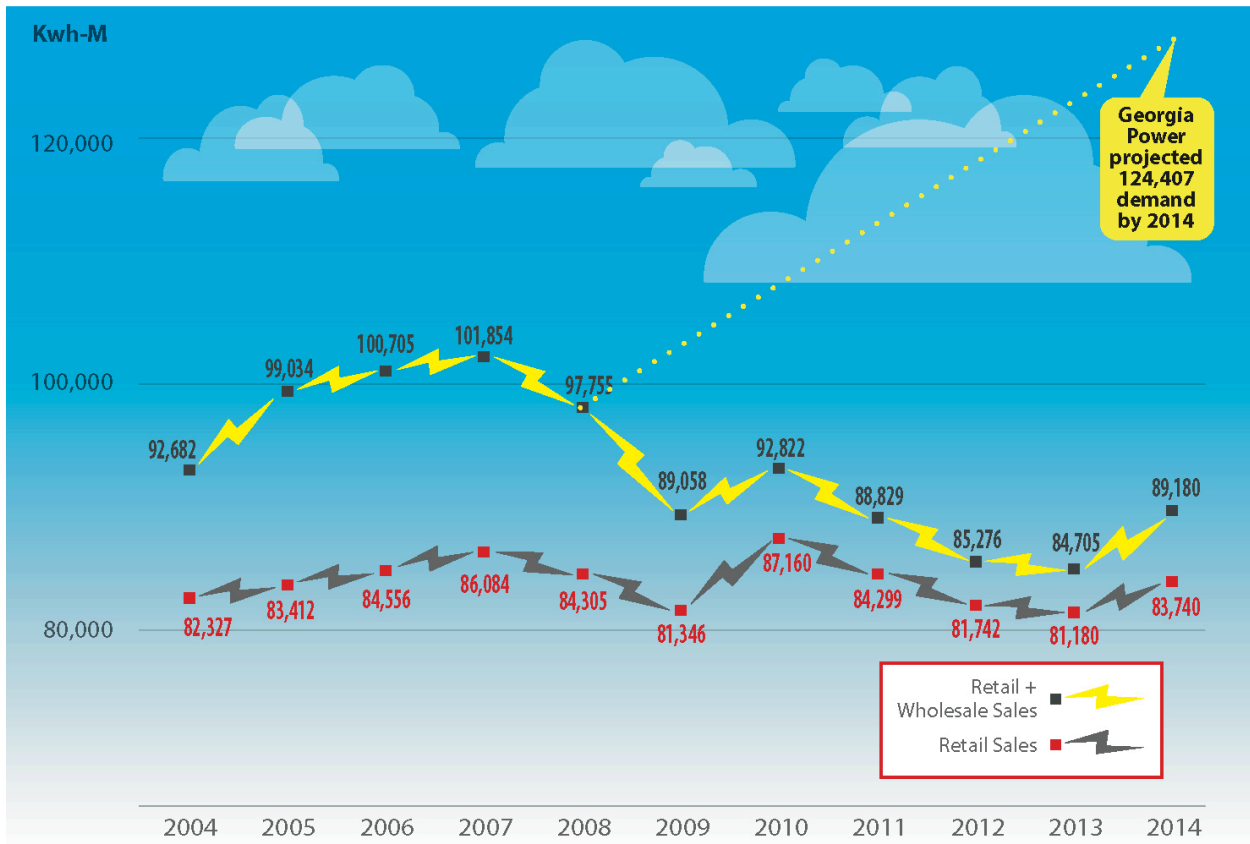
II. GEORGIA POWER DOES NOT HAVE A MARKET FOR THE POWER FROM VOGTLE 3 & 4. VOGTLE 3 & 4 ARE NOT NEEDED.

Data from Georgia Power's annual reports submitted to the Securities and Exchange Commission for 2004-2014 show that Georgia Power's forecast of 4.1% annual growth in consumer demand has not materialized. (see CHART 1 - GEORGIA POWER SALES VOLUME 2004-2014)

In 2009, Georgia Power forecast the need for an additional 8,000 MW of capacity from 2008-2018 for a 4.1% annual growth in capacity. The past 10 years have seen only a 0.2% growth in Georgia Power's retail market and -0.4% reduction in its wholesale market.

CHART 1 - GEORGIA POWER SALES VOLUME 2004-2014

Georgia Power Sales Volume 2004-2014



Source: Georgia Power Company annual reports 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014

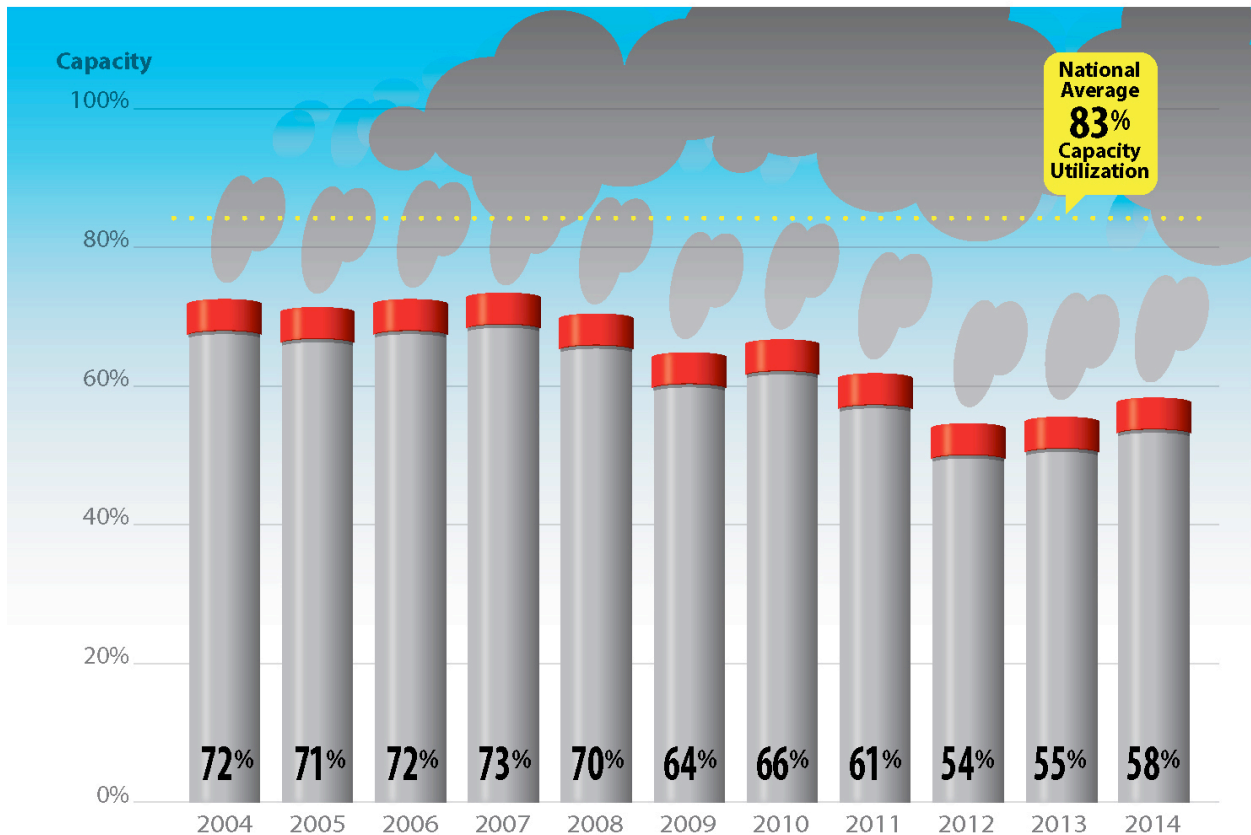
Chart: © 2015 Nuclear Watch South, www.nuclearwatchsouth.org

III. GEORGIA POWER NOT USING CAPACITY WHICH GEORGIA CUSTOMERS HAVE ALREADY PAID FOR IT TO BUILD. VOGTLE 3 & 4 ARE NOT NEEDED.

Data from Georgia Power annual reports 2004-2014 show that Georgia Power's existing capacity utilization factor declined from 72% to 58% in the period 2004-2014. (see CHART 2 - GEORGIA POWER CAPACITY UTILIZATION 2004-2014) Georgia Power's capacity utilization has never compared favorably with the national average, and is currently 25 points below the national average.

CHART 2 - GEORGIA POWER CAPACITY UTILIZATION 2004-2014

Georgia Power Capacity Utilization 2004-2014



Source: Georgia Power Company annual reports 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014

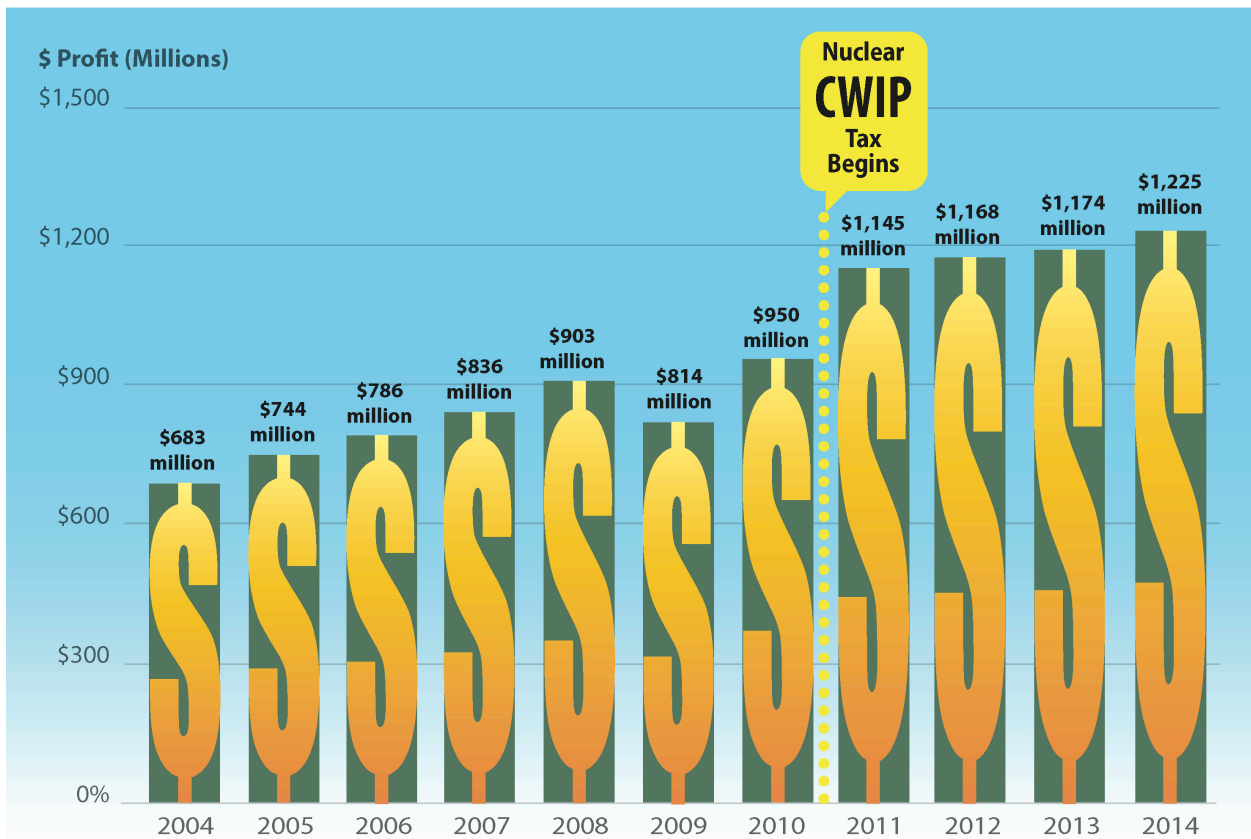
Chart: © 2015 Nuclear Watch South, www.nuclearwatchesouth.org

IV. DESPITE POOR MARKET PERFORMANCE AND VOGTLE CONSTRUCTION DIFFICULTIES GEORGIA POWER HAS ENJOYED HISTORICALLY HIGH PROFITS FROM VOGTLE 3 & 4 CONSTRUCTION.

Georgia Power's profit data from its 2004-2014 annual reports show annual profits after Vogtle construction and Nuclear Construction Cost Recovery (NCCR) tariff begin in 2011 track well over 20% higher than in previous years. Georgia Power's profits have remained at historic high levels well above the \$1 billion mark and have escalated each year during Vogtle construction. (see CHART 3 - GEORGIA POWER PROFITS 2004-2014)

CHART 3 - GEORGIA POWER PROFITS 2004-2014

Georgia Power Profits 2004-2014



Source: Georgia Power Company annual reports 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014

Chart: © 2015 Nuclear Watch South, www.nuclearwatchsouth.org

The Vogtle construction years have seen nearly one day of delay for every day of construction, to the tune of \$2 million per day, amounting to over \$2 billion in cost overruns while the project is little over 25% complete.

In an unregulated market, Georgia Power's profits would be linked to its performance. It is only through the PSC's authorization that Georgia Power has posted such large profits for its shareholders at the expense of the Georgia ratepaying public

It is unfair and the people of Georgia look to you, the Public Service Commission for relief!

V. THE PSC HAS THE MANDATE, THE MISSION AND THE AUTHORITY TO REVOKE CERTIFICATION OF EXCESS CAPACITY.

The PSC's mission statement includes this sentiment: "to ensure that consumers receive reasonably priced electric service." ¹ (*see* PSC website)

State of Georgia Rules and Regulations requires in all cases that every member of the Commission "reserve his opinion and in no way commit himself in advance ... until the facts and evidence are all submitted" and that "the Commission will hold no presumption in favor of the position of any party ... and shall only give weight and credit to any party ... as can be supported by credible evidence in the record." ²

¹ Georgia Public Service Commission's website states: "The mission of the Georgia Public Service Commission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, electric and natural gas services from financially viable and technically competent companies."

² State of Georgia Rules and Regulations (515-2-1-.01) says:

Every member of the Commission will, in all cases, reserve his opinion and in no way commit himself in advance touching the merits of any matter or question to be passed upon by the Commission or that should be dealt with by it, until the facts and evidence are all submitted and the Commission considers the same in administrative session. In determining findings of fact or in its deliberations, the Commission will hold no presumption in favor of the position of any party, including the Public Interest Advocacy Staff, and shall only give weight and credit to any party in the case as can be supported by credible evidence in the record. *Rule 515-2-1-.01 "Opinions of Commissioners"*

Georgia Code 45-3A-6 gives the PSC the authority to modify or revoke a certificated capacity resource if reexamination shows that the resource is no longer needed.³

Taken together, the three statutes quoted from Georgia law give the PSC the responsibility to ensure Georgia consumers reliable electricity at reasonable rates, the mandate to weigh all the evidence before issuing an opinion, and the power to revoke the certificate of a resource that does not meet the necessity test.

Georgia Power's annual report data reveal that the company is overbuilt in a shrinking, shifting market and no longer needs the power from Vogtle 3 & 4. Meanwhile, Georgia citizens are paying an unprecedented nuclear tariff for Vogtle construction which is resulting in unprecedented profits for Georgia Power.

We call upon the Commissioners to put the situation to rights by revoking Vogtle 3 & 4 certification and cancelling Nuclear Construction Cost Recovery collection.

VI. GEORGIA POWER AND GEORGIA ELECTRIC CUSTOMERS WILL NOT BE HARMED BY REVOKING VOGTLE 3 & 4 CERTIFICATION

Georgia Code 45-3A-6 cited above authorizing the PSC to revoke Vogtle 3 & 4 certification also allows Georgia Power to recover the cost of shutting down unneeded power plants, so the Company is not harmed in any way by stopping Vogtle construction.⁴ Georgia electricity

³ Georgia Legal Code governing the VCM includes O.C.G.A. § 46-3A-6 which states:

Upon application of a utility or *upon its own motion*, the commission may *reexamine any certificate granted under this chapter* to determine whether new forecasts of future requirements require the modification of the construction, purchase, sale, or expenditure for a certificated capacity resource. If upon such reexamination the commission finds that the certificated capacity resource is *no longer needed* or that any additional certificated capacity resource is needed to assure a reliable supply of electric power and energy for the utility's Georgia retail customers, the commission may *modify or revoke* the certificate. [O.C.G.A. § 46-3A-6, excerpt, emphasis added]

⁴ O.C.G.A. § 46-3A-6: If the utility cancels, abandons, or increases some or all of the capacity resource as a result of such modification or revocation of the certificate, it may recover through any rate-making vehicle over a reasonable period of time, absent fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct,

customers will remain competently served by Georgia Power's ample capacity, and will enjoy a cost savings as they are relieved of the burden of rate increases and NCCR tariffs on their monthly bills.

Even though the public's money can be said to be wasted if Vogtle 3 & 4 are cancelled after billions have been sunk into its construction, as the project is only 25% finished, it will save even more of the public's money than has been wasted so far to cancel the unneeded power supply construction.

Conversely, if Georgia Power is allowed to continue constructing unneeded power supply at the expense of Georgia residential and small business electricity customers, those customers will be harmed. Further failure by the PSC to protect the Georgia public from the exploitation by the powerful, profit-driven electric monopoly which it regulates qualifies as negligence and abuse of power.

VII. SHIELD BUILDING INFORMATION REDACTED IN VCMR 13 SHOULD BE MADE PUBLIC AND CONSIDERED IN VCMR 14

The PSC Staff testified that it did not agree with the shield building information being redacted from VCMR 13 and that it was working to have the information released publicly. Indeed, the shield building has contributed most significantly to the delays and cost overruns of Vogtle 3 & 4 construction.

The shield building information should be made public and if there is a 14th VCMR it should be considered relevant for discussion and cross-examination.

the amount of its investment in such capacity resource, along with the cost of carrying the unamortized portion of that investment, net of actual salvage value, to the extent such investment is verified as made pursuant to the certificate. The commission shall disallow such investment and costs resulting from fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct. [O.C.G.A. § 46-3A-6 excerpt *emphasis added*]

VIII. CONCLUSION

The foregoing information shows clearly that Vogtle 3 & 4 should be decertified. No blame can be assigned for decisions to certify and fund Vogtle 3 & 4 construction prior to 2010, but now that the performance indicators show clearly that Georgia Power's forecast was wrong it incumbent upon the PSC to move rapidly to stem the flow of cash from Georgia Power's captive rate base to Georgia Power's shareholders.

Nuclear Watch South urgently calls upon the Commission to exercise the responsibility and authority vested in it by Georgia O.C.G.A. § 46-3A-6 to revoke Vogtle certification. The PSC needs to act immediately as the Vogtle expansion project falls behind at the rate of almost a day for every single day it is under construction, and the sunk costs mount by millions of dollars each month, costs which the public, not Georgia Power, has been, and will continue to be, forced to pay.

Respectfully submitted,


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