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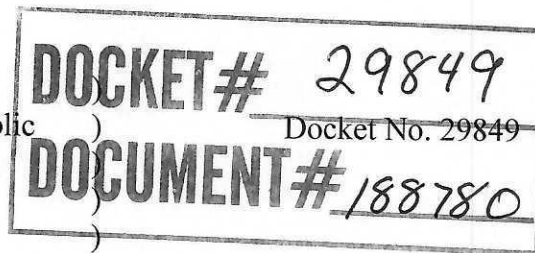
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Verification of Expenditures Pursuant to Georgia Power Company's Certificate of Public Convenience and Necessity for Plant Vogtle Units 3 and 4, Twenty-Fifth Semi-annual Construction Monitoring Report.



ORDER

Background

In Docket No. 27800, Georgia Power Company ("Georgia Power," "Company," or "GPC") filed an Application on August 1, 2008, for the Certification of Units 3 and 4 at Plant Vogtle and Updated Integrated Resource Plan ("Application"). In its Application, the Company sought Georgia Public Service Commission ("Commission") approval of its addition of Units 3 and 4 at Plant Vogtle ("Vogtle Units 3 and 4"). In its Amended Certification Order issued March 30, 2009, the Commission approved the Company's Application for the Certification of Vogtle Units 3 and 4 at an in-service cost of \$6.447 billion¹ as modified by a Stipulation between the Commission Public Interest Advocacy Staff ("PIA Staff") and the Company ("Stipulation").

Paragraph 2(c) of the Certification Stipulation requires the Company to file Semi-annual Monitoring Reports with the Commission as provided by O.C.G.A. § 46-3A-7(b). The Stipulation requires the Semi-annual Monitoring Reports to include any proposed revisions in the cost

¹ The assumption at certification was that financing costs were capitalized during construction and recovered after the Units were placed in service.

estimates, construction schedule, or project configuration, as well as a report of actual costs incurred in the period covered by the report.

Prior to the first Vogtle Construction Monitoring (“VCM”) filing, in an agreement with the Company, PIA Staff established a separate monitoring docket in Docket No. 29849. The Commission Order from the First VCM adopted a Stipulation between PIA Staff and the Company, which in part, revised the certificated project cost downward to reflect Construction Work-In-Progress (“CWIP”). The Certificated amount for the project as reflected in paragraph 4 of the Stipulation was revised to \$6.113 billion.² Of that \$6.113 billion, \$4.418 billion was the forecasted capital and construction costs and \$1.695 billion was the forecasted financing costs.

The Commission, in its January 11, 2018 Order in the 17th VCM, approved a revised capital and construction forecast cost of \$7.3 billion and found that any costs spent up to this revised cost forecast will be deemed reasonable, but will be subject to the findings and presumptions as defined in the Stipulation approved on January 3, 2017. Costs verified and approved through the 14th VCM were also deemed prudent as set forth in the Commission’s January 3, 2017 Order. Costs up to \$5.68 billion are presumed prudent and the burden of proof to demonstrate imprudence shall be on the party challenging such costs. Costs above \$5.68 billion are not presumed prudent and the Company shall retain the burden to show prudence on such costs.³ This revised cost of \$7.3 billion is net of the Toshiba Parental Guarantee and does not include the Project finance costs.

In its Certification Order dated March 30, 2009, the Commission required Georgia Power Company to provide specific information in each Semi-annual Construction Monitoring Report. The information the Company was required to provide was subsequently revised in the Commission’s Order on the Ninth/Tenth Construction Monitoring Report. In its Eighteenth VCM Order dated August 24, 2018, the Commission ordered the Company to expand the reporting of project risks in their filings by including up-to-date analysis of contingency, and quantification of each risk, where reasonably estimated. The Commission also ordered the Company to include any variance(s) to its plan, both cost and schedule, quantified in dollars and days, respectively, and fully explained.

For the second quarter of 2018, Georgia Power Company incurred a charge to income of \$1.1 billion consisting of an increase in Vogtle forecast construction costs of \$700 million and an additional contingency of \$400 million.⁴ At the same time, the Company reduced its investment

² A change in Georgia law allowing the Company to collect financing costs as incurred during construction resulted in a decrease in financing cost and certified cost.

³ These prudence and imprudence determinations will be made after reaching fuel load of Unit 4.

⁴ Georgia Power Company 10-Q 6/30/2018 P.78.

in Construction Work in Progress for the Vogtle Project by \$1.1 billion. The Company has stated that it will not seek approval of a revised cost estimate for the additional construction costs of \$700 million. In addition, the Company will not seek rate recovery of this \$700 million and these construction costs shall be borne by stockholders. Above the \$7.3 billion, the Company will first expend in total the increase in forecast construction costs of \$700 million before charging Project expenditures to the additional contingency of \$400 million or any other future forecasted cost increase. The Company stated that it was not requesting approval of a revised cost estimate to include the additional forecasted contingency of \$400 million at that time; but, reserved its right to request approval in a future proceeding.

Jurisdiction

The Commission has general regulatory authority over electrical utilities in the state pursuant to O.C.G.A. § 46-2-20, 46-2-21 and 46-2-23. In addition, the Commission administers the Integrated Resource Planning Act. O.C.G.A. § 46-3A-1 through 11.

Applicable Statutes

O.C.G.A. Section 46-3A-7(b) provides:

In addition to the review of the continuing need for an electric plant under construction prescribed in Code Section 46-3A-6, the Commission, upon its own motion, may conduct or the utility may request that the Commission conduct an ongoing review of such construction as it proceeds. Every one to three years, or at such lesser intervals upon the direction of the Commission or request of the utility, the applicant shall file a progress report and any proposed revisions in the cost estimates, construction schedule, or project configuration. Within 180 days of such filing, the Commission shall verify and approve or disapprove expenditures made pursuant to the Certificate and shall approve, disapprove, or modify any proposed revisions. If the Commission fails to so act within 180 days after such filing, the previous expenditures and any proposed revisions shall be deemed approved by operation of law.

Issue Involved and Proceedings

The Commission issued a Procedural and Scheduling Order (“PSO”) on September 21, 2021, setting out one issue to be decided in this proceeding:

Whether the Commission should verify and approve or disapprove the expenditures as made pursuant to the certificate issued by the Commission.

The statute provides that within 180 days of such a filing, “the Commission shall verify and approve or disapprove expenditures made pursuant to the Certificate. If the Commission fails to so act within 180 days after such filing, the previous expenditures shall be deemed approved by operation of law.” O.C.G.A. § 46-3A-7(b).

If the Commission verifies expenditures as made pursuant to a certificated capacity resource, that verification forecloses subsequent exclusion of those costs from the utility’s rate base, absent fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct. O.C.G.A. § 46-3A-7(c).

Following Georgia Power’s August 31, 2021 submission, seven parties filed for intervention: Concerned Ratepayers of Georgia (“CRG”); Georgia Association of Manufacturers (“GAM”); Georgia Interfaith Power & Light and Partnership for Southern Equity (“GIPL-PSE”); Georgia Watch; Resource Supply Management (“RSM”); and Southern Alliance for Clean Energy (“SACE”).

On October 21, 2021, Georgia Power filed the Direct Testimony of David L. McKinney and Jeremiah C. Haswell and the Direct Testimony of Stephen E. Kuczynski in support of the VCM 25 Report. The Commission held a hearing on Georgia Power’s direct testimony on November 15, 2021.

On December 1, 2021, PIA Staff filed the panel Direct Testimony of Steven D. Roetger and William R. Jacobs, Jr., Ph.D., Donald N. Grace; the panel of Tom Newsome, Philip Hayet, and Lane Kollen; and Shemetha Q. Jones. No intervenor filed testimony in this proceeding. The Commission held a hearing on the testimony of PIA Staff on December 16, 2021.

On January 6, 2022, Georgia Power notified the Commission that it would not file rebuttal testimony in this proceeding, as is permitted, but not required

The statutory deadline for this proceeding is February 28, 2022.

Findings of Fact and Conclusions of Law

For the period January 1, 2021 through June 30, 2021, the Company reported \$608 million in construction and capital expenditures on the Project. Of this, the Company requested verification and approval of \$67 million. Pursuant to the Commission's VCM 24 Order Adopting Stipulation, the Company did not seek verification and approval of the remaining \$541 million at this time.

Staff recommended that the expenditures of \$67 million incurred during the Twenty-fifth VCM period be verified and approved. As Staff has previously explained, "verification and approval" of costs means a determination that such costs have actually been spent on the Project and does not preclude a subsequent disallowance by the Commission.

The Commission finds and concludes that the Company's request is appropriate and therefore is approved at this time. The Commission further finds and reiterates that verification and approval of costs means a determination that such costs have actually been spent on the Project and does not preclude a subsequent disallowance by the Commission upon a finding of fraud, concealment, failure to disclose a material fact, imprudence, and/or criminal misconduct.

CRG requested that the Commission determine which party bears responsibility for payment of \$67 million amount. The Commission finds that the record reflects no evidence was presented by CRG in this 25th VCM proceeding to support disallowance of the actual expenditures occurred during this reporting period. As the Commission has explained previously, there will be a full and complete vetting of costs and expenses in the prudency hearing. CRG's recommendation is denied.

GIPIL-PSE recommended the Commission do everything in its power to mitigate and minimize the costs associated with further scheduling delays, additional cost increases, Nuclear Regulatory Commission violations, a large volume of deferred work, ITAAC completion, and potential problems with secondary systems to ratepayers. Through the VCM process, the Commission will continue to closely monitor the progress at the Vogtle Project, and will take such action as it deems appropriate.

Nuclear Watch urged the Commission to decertify Vogtle 3 and 4 construction due to existing excess capacity. Nuclear Watch claimed that Georgia Power is not using capacity for which its customers have already paid, the Units are not needed, and that the Company is unfairly profiting from the Vogtle construction. The Commission finds and concludes that Nuclear Watch steers far from the one issue set out in the PSO for this proceeding and that is whether the Commission should verify and approve or disapprove the expenditures as made pursuant to the certificate issued. Nuclear Watch's request that the Commission decertify Vogtle construction and cancel the NCCR Tariff is denied.

SACE's recommendation was twofold. The Intervenor stated that the Commission should disapprove cost for the electrical rework and the spent fuel pool repairs that may be present in the \$67 million request and should proactively order that Georgia Power not bring forward any of the incremental costs that would have otherwise gone to other co-owners. The Commission finds and concludes that SACE's request is outside the scope of this proceeding and is therefore denied.

ORDERING PARAGRAPHS


WHEREFORE IT IS ORDERED, that the Commission verifies and approves the expenditures made by Georgia Power Company pursuant to the Certificate of Public Convenience and Necessity and O.C.G.A Section 46-3A-7(b) for Plant Vogtle Units 3 and 4 for the period beginning January 1, 2021 through June 30, 2021 in the amount of \$67 million. Pursuant to the Commission's VCM 24 Order Adopting Stipulation, the Company did not seek verification and approval of the remaining \$541 million at this time.

ORDERED FURTHER, that all findings, conclusions, statements, and directives made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, statements of regulatory policy, and Orders of this Commission.

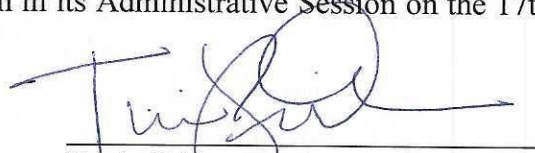
ORDERED FURTHER, that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

ORDERED FURTHER, that jurisdiction over these matters is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in its Administrative Session on the 17th day of February, 2022.


Sallie Tanner
Executive Secretary

2-17-22
Date


Tricia Pridemore
Chairman

2-17-22
Date