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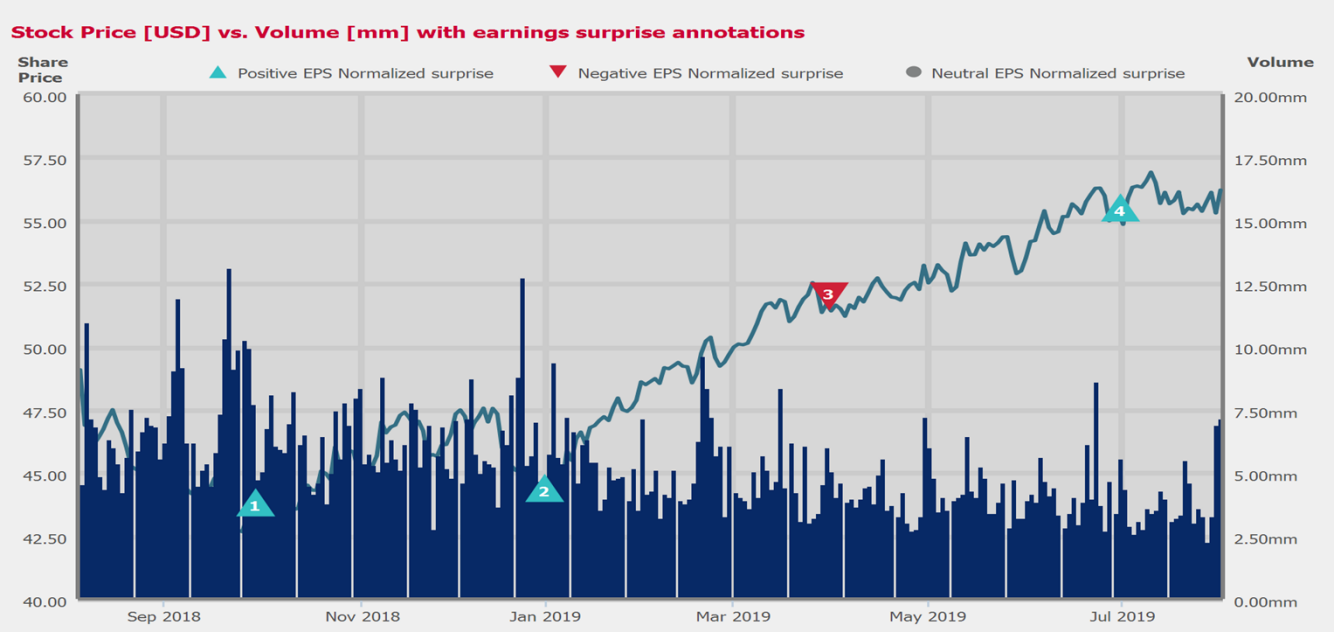
FQ2 2019 Earnings Call Transcripts

Wednesday, July 31, 2019 12:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2019-			-FQ3 2019-	-FY 2019-	-FY 2020-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.72	0.80	▲11.11	1.20	3.03	3.16
Revenue (mm)	5123.93	5098.00	▼(0.51 %)	6273.17	22060.75	22764.17

Currency: USD
Consensus as of Jul-30-2019 10:15 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2018	1.07	1.14	▲1 6.54 %
FQ4 2018	0.23	0.25	▲2 8.70 %
FQ1 2019	0.72	0.70	▼3 (2.78 %)
FQ2 2019	0.72	0.80	▲4 11.11 %

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Presentation

Operator

Good morning. My name is Siglin, and I will be your conference operator today. At this time, I would like to welcome everyone to The Southern Company Second Quarter 2019 Earnings Call. [Operator Instructions]

I would now like to turn the call over to Mr. Scott Gammill, Investor Relations Director. Please go ahead, sir.

Scott Gammill
Head of Investor Relations

Thank you, Siglin. Good morning and welcome to Southern Company's Second Quarter 2019 Earnings Call. Joining me this morning are Tom Fanning, Chairman, President and Chief Executive Officer of Southern Company; and Drew Evans, Chief Financial Officer.

Let me remind you, we'll be making forward-looking statements today in addition to providing historical information. Various important factors could cause actual results to differ materially from those indicated in the forward-looking statements, including those discussed in the Form 10-K, Form 10-Qs and subsequent filings.

In addition, we will present non-GAAP financial information on this call. Reconciliations to the applicable GAAP measure are included in the financial information we released this morning as well as the slides for this conference call, which are both available on our Investor Relations website at investor.southerncompany.com.

At this time, I'll turn the call over to Tom Fanning.

Thomas A. Fanning
Chairman, President & CEO

Thanks Scott, good morning, and thank you all for joining us. This morning, we reported strong earnings per share, substantially above our estimate, and we remain on track to meet our full year earnings target for 2019.

Our electric system has demonstrated resilience in what has so far been a hot summer in the Southeast. We also continued to make meaningful progress at Plant Vogtle Units 3 and 4 as demonstrated by the achievement of several milestones during the quarter. In addition, we are progressing well through an active regulatory calendar this year.

We'll cover all of this today, so let me start with an update on Vogtle. The site continues to make progress and we remain focused on meeting the November '21 and November 2022 regulatory approved in-service dates for Vogtle Units 3 and 4.

Our strategy of working to an aggressive plan on the site remains in place and currently provides a 6-month margin to the November dates. There is no change in our total estimated cost for the project at this time. And we have not allocated any contingency, though the presence of a contingency reflects our expectation that we will likely utilize this reserve in the months ahead.

As we said during the first quarter call, our focus is on achievement of major milestones, supported by adequate staffing and productivity. In May, we achieved initial energization for Unit 3, a major milestone for the project. In addition, we set the middle containment ring for Unit 4 and installed the generator rotor for Unit 3.

In August, we expect to begin our next major milestone for Unit 3, integrated flush activities, on schedule with the site's aggressive work plan.

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Overall and including engineering, procurement and initial test plan activities, the entire project is approximately 79% complete. For Unit 3, direct construction is 71% complete, with a target to approach 90% by year-end.

The site has averaged approximately 145,000 earned hours over the past 3 weeks, with a year-to-date average of 133,000 earned hours through July. Now recall, the aggressive site work plan requires an average of 160,000 weekly earned hours for a sustained period of time starting later this year into next year.

To meet the regulatory approved November schedule, we estimate that we would need to average approximately 100,000 earned hours per week through the start of Unit 3 hot functional testing, which is essentially the completion of the construction phase for the unit.

We have been successful in hiring additional craft resources and supervision, and now we have over 8,000 people working on the site across day and night shifts. As a result of these hiring efforts, construction's weekly production capacity has risen and we are working to gain productivity improvements.

As we open new work phases, for example, most recently, our electrical scope for Unit 3, we see essentially an S curve or a sawtooth effect. As we add a significant number of new skilled craft and field supervision, we initially see modest levels of improvement in earned hours. Then as the workforce matures, productivity should improve.

You can see this effect in our most recent data. CPI is a trailing 4-week statistic. However, over the last month or so, earned hours for our Unit 3 electrical have more than doubled. Looking forward, in order to meet the aggressive site work plan, we will need to sustain and improve this performance.

As a final note, it would not be surprising to see more fluctuations in CPI in the months ahead as we continue to add new craft and increase system turnover activities. We believe we are on track to meet the upcoming milestones in support of the aggressive site work plan.

Now looking forward to the end of the year, we expect to be near completion of the integrated flush for Unit 3 and have the main control room ready for testing. Around the same time, the site should begin open vessel testing, which we have added to Slide 7 as another major milestone to track. Open vessel testing verifies that water flows between the primary systems and the reactor and that the pumps, motors, valves and pipes function as designed. This is a key set of activities leading up to cold hydro testing, which we anticipate will begin next spring.

The final major construction milestone is the start of hot functional testing. From there, we will focus primarily on certifying systems, leading up to fuel load, which would occur by the end of next year under the aggressive site work plan. And as we said previously, the aggressive site work plan is challenging and we work to meet it every day. Ultimately, success is bringing Vogtle Units 3 and 4 online on or before the regulatory approved November 2021 and 2022 in-service dates.

Based on what we know today, we continue to expect that we have sufficient schedule and cost contingency to meet this objective.

I'll now turn the call over to Drew to cover our quarterly performance in greater detail.

Andrew William Evans
Executive VP & CFO

Thanks, Tom, and good morning, everyone. Happy shark week. In the second quarter of 2019, we achieved earnings per share of $0.80 on an adjusted basis, $0.09 higher than the estimate we provided on our last call and in line with $0.80 of earnings per share on an adjusted basis reported in the second quarter of 2018.

The primary drivers of our quarterly results compared to last year are higher revenues associated with changes in rates and pricing, net of usage changes, and warmer than normal weather at our regulated utilities, partially offset by the impact on earnings as a result of divestitures.

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Temperatures across our Southeast service territory were significantly warmer than normal during the second quarter of 2019, including the warmest May in the last 50 years, resulting in $0.03 of benefit compared to last year and $0.07 of benefit versus normal.

A detailed reconciliation of our reported and adjusted results is included in this morning's release and the earnings package.

Taking a look at customer growth, we added nearly 23,000 residential electric customers and over 14,000 residential natural gas customers across our regulated utilities in the first half of the year. These additions put us on track to meet our full year expectations for residential customer gains across our electric and gas franchises and are comparable to the growth we experienced in the same period last year.

Customer growth continues to be driven primarily by strong job growth and population growth in our Southeast service territories. Weather-adjusted retail electric sales were down just over 1% year-over-year due to a combination of factors, including continued energy efficiency and technology advances across all customer segments and continued weakness in industrial sales.

Industrial sales, particularly primary metals, chemicals and stone, clay and glass, were down due to global trade concerns and a strong dollar's impact on trade as well as changes in production levels and some timing.

On a year-to-date basis, adjusted earnings per share were $1.50 in 2009, with essentially no weather impact. To be clear, weather on an aggregate basis has been normal for the year despite the warmer-than-normal second quarter period. Our estimate for the third quarter of 2019 is $1.10 per share on an adjusted basis with normal weather. We will assess our earnings guidance range for the full year after the third quarter.

Turning now to some updates on capital requirements. In June, Southern Power successfully closed on its sales of the Nacogdoches generating facility to Austin Energy for $460 million. The sale of Plant Mankato to Xcel remains subject to Minnesota and North Dakota State Commission approvals and is expected to close this fall.

Year-to-date equity issuances from internal plans have resulted in proceeds of approximately $450 million, which is higher than forecasted. Southern's equity needs for 2023 now stands at roughly $2 billion. While we have the capacity to fill our projected equity needs through our robust internal equity plans, we continue to evaluate all options to efficiently source equity.

Financial stability and strong credit metrics provide significant benefits to our customers and investors and remain a top priority for us.

Before I turn the call back over to Tom, I'd like to give a brief update on our regulatory calendar for the remainder of the year. As scheduled, Atlanta Gas Light and Georgia Power filed base rate cases with the Georgia Public Service Commission in June. We expect that these Georgia proceedings as well as the pending rate case for Nicor Gas in Illinois to conclude in late 2019.

Mississippi Power is scheduled to file a base rate case with the Mississippi Public Service Commission in the fourth quarter of 2019. Lastly, Georgia Power received a final ruling earlier in July on its Integrated Resource Plan, and Tom will highlight a few of the outcomes in that proceeding.

Tom, I'll turn the call back over to you.

Thomas A. Fanning
Chairman, President & CEO

Thanks, Drew. As Drew mentioned, earlier this month, the Georgia PSC approved the Georgia Power's 2019 Integrated Resource Plan or IRP in a 5-0 vote. Recall, Georgia Power files an IRP every 3 years and the approved plan outlines how the company will continue to deliver clean, safe, reliable and affordable energy to its 2.6 million customers over the next 20 years. The approved plan includes the addition of 2,260 megawatts of new renewable generation and the retirement of 5 coal-fired generation units totaling nearly 1,000 megawatts.

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As a result, Georgia Power intends to grow its renewable generation portfolio by more than 72% to nearly 5,400 megawatts by 2024, increasing the company's total renewable capacity to 22%. Georgia Power also received approval to own and operate 80 megawatts of battery energy storage systems, which will help position the company as a leader in energy storage. In addition, Georgia Power's environmental compliance strategy was approved, including plans to close all 29 ash ponds. We believe these are constructive outcomes that will benefit our customers on many levels in the years ahead.

In closing, I'd like to highlight a few newsworthy items of which we're particularly proud. For the third year in a row, Georgia Power was ranked #1 for customer satisfaction among large utilities in the South by J.D. Power in its 2019 Electric Utility Residential Customer Satisfaction Study. Georgia Power achieved the highest score in its category based on multiple factors, including reliability, corporate citizenship, communications and customer service.

Two of our natural gas utilities, Virginia Natural Gas and Chattanooga Gas, were recently recognized as most trusted business partners in the utility industry by Cogent Syndicated. And the Alliance to Save Energy named Alabama Power as the 2019 Star of Efficiency for its smart neighborhood project outside of Birmingham.

In addition, for the fourth consecutive year, Southern Company was named among the top 50 companies for diversity by DiversityInc. Our long-standing commitment to diversity and inclusion is embedded in our culture and allows us to better anticipate change and achieve success as we build the future of energy. I'm very proud of our team for these accomplishments.

Again, we are very pleased with our performance from both a financial and operational perspective. Through the first half of the year, we continue to see our regulated franchises operating on a high level, and we are achieving key milestones at Vogtle. We remain focused on bringing Units 3 and 4 online by their regulatory approved dates of November 2021 and November 2022. We are committed to keeping you informed and look forward to providing another in-depth update at the end of the third quarter.
So thank you for joining us this morning. Operator, we're now ready to take questions.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Greg Gordon with Evercore ISI.

Gregory Harmon Gordon
Evercore ISI Institutional Equities, Research Division

A couple of questions. Congratulations on continuing to see the type of productivity improvements that you need to be within the sort of April to November timeframe in -- on the Vogtle project. Can you comment -- I know it only just came out in the last 24 to 36 hours -- on why you think the staff of the Georgia commission in their review of your last filing is more skeptical of your ability to execute and where the dissonance might be between your cautious optimism and their skepticism?

Thomas A. Fanning
Chairman, President & CEO

Yes. Sure. Glad to do that. First of all, I think it was reasonably a fair report. We respect those folks and you should know, everybody on the phone should know that the people that write that report, whether it's Dr. Jacobs or other key members of the staff, sit in every meeting that we sit in virtually. So they are in the co-owners meetings and they are in there with Southern Nuclear management, with Bechtel, with me and Paul Bowers and Drew and all the team. So number one, all the cards are on the table for everybody. Number two, I think one of the other important paragraphs you should read in that report is the first paragraph. And that's a very, I think, positive statement about the process that we're going through. I think the third point is we certainly respect these people and they are certainly confident.

But where we would find differences of opinion would really go to our belief in our own capability. When you think about the players I just mentioned, whether it is our own team building the plant, led by Glen Chick, who came from Browns Ferry that put a -- completed a nuclear plant and know how to do this. That's the most recent example. Our own expertise, and look at the track record of success that we've been able to show since we took over the project from Westinghouse. Look at Bechtel, they are by far the leading contractor for nuclear plants around the world. And you know, I have a great relationship with Brendan Bechtel. In fact, a weekend or 2 ago, I was with not only Brendan but his dad Riley. The team on site there -- look, I think we know how to build nuclear plants. And I think there are certainly different approaches you could take, but we believe that our approach has been tested recently not only at Browns Ferry, but also in China, and that we think everything we are doing is sound. There are no secrets. There is no hidden cards. Everything that we are doing is open for discussion, and it's not only us, it's our co-owners and anybody -- the NRC and everybody that looks in believes that our practices are sound. It's very reasonable that somebody could have a different opinion about that, but we believe that our conviction is well suited.

So I would say those general comments. I would say just other things that are important. And it really goes to how you look at the data. I spend a little bit of time in the script talking about this sawtooth or ramp-up effect. We believe that we are reasonably on track to do what we need to do on electrical work front. It did start a little slower than probably we wanted, but that's not completely unexpected. Bechtel would describe that as their S curve. We call it a sawtooth. But we believe now we're hitting the numbers we need to hit in terms of the electrical work front. And if we sustain that and then we want to improve it a little better, we believe that we're reasonably on track to do what we need to do to hit the schedule. And so far, the milestones are reflective of the aggressive site plan. We readily admit the aggressive site plan is in fact aggressive. Okay. But every time we beat 100,000 hours or every time we beat -- we achieve a milestone consistent with the aggressive plan, we build and maintain margin to the November in-service dates and that is ultimately success. Greg, I'm glad to go into anything further you'd like to, but I think those are the...

Gregory Harmon Gordon
Evercore ISI Institutional Equities, Research Division

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No. That's extremely thorough. I appreciate it. Two more quick questions. One is just in the quarter, you said that you had the hottest May in 50 years, and I know you said on a year-to-date basis things have sort of evened out. But can you suss out how much usage and how much of the incremental earnings in the quarter, whether it was usage or were directly weather-driven, came from that weather event? Or is it too sort of -- [I saw] your slide, but it wasn't clear that, that what -- you were able to carve that out.

Andrew William Evans
Executive VP & CFO

Greg, this is Drew. We actually put it in Slide 9, but the weather impact for the second quarter was about $0.03 relative to last year and about $0.07 relative to normal. But if you look at it over the course of the entire year, I think weather's actually down about $0.01 relative to our normal expectations for consumption.

As we look at the individual usage classes, conservation and energy efficiency are pervasive trends, particularly in residential and commercial. Then on the industrial side, we did see a downtick of about 2% in total electricity sales. We think a good portion of this just really describes a general economy that's in a bit of a pause.

Trade skirmishes are sort of a vacuum to good capital deployment or a barrier to good capital deployment over the long term. And a strong dollar in general, with an economy that's about 25% dependent upon exports for its production, really just signal to us that we're seeing a little bit of weakening in that section of the economy.

Thomas A. Fanning
Chairman, President & CEO

Greg, let me jump in here real quick. Let me correct. I had a brain cramp. I don't know why. I was in a conversation this morning kind of getting ready for CNBC. I had Browns Ferry on my mind on another issue. The last completed one was Watts Bar, so anyway.

Gregory Harmon Gordon
Evercore ISI Institutional Equities, Research Division

I don't think anybody would have caught that, but thank you.

Thomas A. Fanning
Chairman, President & CEO

Yes, you bet. Thank you, buddy. Appreciate it.

Operator

Our next question comes from the line of Julien Dumoulin-Smith with Bank of America Merrill Lynch.

Julien Patrick Dumoulin-Smith
BofA Merrill Lynch, Research Division

I wanted to follow-up a little bit on Greg's question, if you could elaborate a little bit. I mean, clearly, both you and staff talk about potentially, shall we say, using up some of that contingency. Where and how would you kind of read into progress against that and confidence, or really what variables or specific elements are going to be eating into that contingency? Is there any difference in opinion between you and staff on where you might be using that contingency or where the greatest risks are to that specific element? And then I got a follow-up.

Thomas A. Fanning
Chairman, President & CEO

Yes. Well, I mean, let me just start with the basic concept, right? When we created the new estimate July a year ago, we put everything that we knew into the estimate and then we said, let's create a contingency

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of some percent above that estimate. And the contingency basically allows for things that you don't know in the current period, but you have a reasonable expectation that you'll spend over time.

To the extent we made the statement that we're not going to use contingency, we would have to reverse it. At this point, we believe that for everything we know, we think there is still a reasonable likelihood that we will use contingency. Otherwise, we'd have to reverse it. We don't think we're in a position to reverse it today.

Now, will we use contingency going forward? I think we probably will. That is the assessment that we must make in order to keep it on the books and keep it in place. Look, we continually reevaluate our cost position, and we're very gratified as of the current period right now that we haven't touched contingency. We look at all the pluses and minuses. You must imagine that as a daily activity, and we evaluate that against our own kind of reserves and our own kind of allowances for change.

So far, we've been able to manage any of the pluses and minuses with cost to date and what we know in the future with our own reserves on site. So we haven't touched contingency. My only caution is to people, don't be surprised if and when we do. And it may be kind of lumpy, it may be $50 million to $100 million or $150 million. There is still 3 years to go on both these projects. My only caution to people is our contingency is there for a reason.

Andrew William Evans
Executive VP & CFO

And Julien, if I could sort of reintroduce a concept that you and I've talked about a number of times, and I think it's supported by the independent system monitors' report. If we look at contingency as a percentage of our estimate to complete, we're maintaining a level that's perhaps in excess of 20% of that total estimate to complete. And as Tom said, consumption of this in our view is probably certain. The pace at which we do it is a little less certain. But nevertheless, if you measure us over a longer period of time, I think we'll take some great comfort in where we stand when we get to some point in the middle of next year.

Thomas A. Fanning
Chairman, President & CEO

And contingencies can take a lot of different forms, right? But let's focus on Unit 3 for a minute here. We're about a year away, round numbers, maybe a little more, to hot functional test. And what that says is you're 5 or 6 months away from loading fuel. And then you're 6 months away from having an in-service.

We are rapidly approaching eliminating the uncertainties, at least with respect to that unit. Every month, every quarter that we go by staying with schedule gives us more certainty that we'll be able to hit, ultimately, the November regulatory agreed-upon process. So that's a big deal. And as you know, hot functional test is essentially the completion of construction. That's Unit 3. These things are happening right now. I think I'd mentioned on TV that we announced yesterday that we've sent out a contract to procure fuel. So these times are fast approaching. Whether we're going to use contingency or not, at least on Unit 3, is right in front of us. So we are right now making a whole lot of progress.

Julien Patrick Dumoulin-Smith
BofA Merrill Lynch, Research Division

Nice. If I can follow back up on the Georgia IRP process and just altogether understanding the CapEx budget? I think you guys have historically done solar and sort of followed up after the fact and reflected that in your outlook, but how do you think about the cadence of reflecting the latest IRP developments here? And how do you think about your own participation in subsequent RFPs that will come out now?

Thomas A. Fanning
Chairman, President & CEO

I'm sorry, Julien, what's the point of the question? Is it how did we work with them on that? You want me to characterize that?

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Julien Patrick Dumoulin-Smith
BofA Merrill Lynch, Research Division

How do you think about reflecting the CapEx benefits from any further generation procurement here from the RFP?

Thomas A. Fanning
Chairman, President & CEO

I see what you're saying. Yes, we will -- as has been our historical practice, we'll update CapEx probably at the end of the year call, which will be end of January, first of February. So we give you a new estimate. But I would argue that the direction of CapEx associated with this IRP approval is probably up, when you consider the ARO associated with the ash ponds, when you consider kind of the storage project. The -- a swing in that when there's all this new solar -- if you remember last year, I don't think Georgia Power won any of the new solar, but Southern Power did. And then later, Southern Power came in and bought a lot of the development activity by other successful bidders. That also can be a swing in what CapEx looks like down the road, but that's a little hard to predict today.

Andrew William Evans
Executive VP & CFO

If we look at...

Julien Patrick Dumoulin-Smith
BofA Merrill Lynch, Research Division

I'm glad you brought it up, actually. If I can clarify. With respect to the ARO and the Georgia piece and obviously, looking forward to Alabama, how much of that is already reflected just versus what's incremental here, especially the ARO piece?

Andrew William Evans
Executive VP & CFO

Yes. If you look at the ARO, it really is a 10-year obligation generally to make this environmental investment, and about 40% of it is represented in our plans, something like that today, over the 5-year plan period. So if we look at the $38 billion that we think we'll invest over the next 5 years, those investments are largely centered around modernization of the transmission and distribution infrastructure and environmental investments.

I think your question is more around the modernization of the generating fleet or the movement into renewable generation, which we kind of view as being a post-2023 issue. 2023 being the plan year, but a post -- second half plan year that would give some durability to our growth rate and total invested capital and total rate base.

Thomas A. Fanning
Chairman, President & CEO

And there are some other kind of interesting ideas we introduced in the IRP that also could have a bearing here. One is that for the first time in my knowledge, anyway, in the history, we had a section on resilience. And one of the ideas that we put in place is this notion of inactive reserves. That is not retiring a coal plant per se, but taking it out of economic dispatch, preserving it as a matter of resilience in the event of a system emergency that could help in a whole variety of ways. Anyway, all those things have a bearing. We'll certainly clarify that, but I -- next year, but I think the general trend would be north of where we are.

Operator

Our next question comes from the line of Praful Mehta with Citigroup.

Praful Mehta
Citigroup Inc, Research Division

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I guess just to clarify on the contingency that you highlighted, just wanted to understand, as you pointed out, that you want to keep it and there's a justification for keeping it in the plan. Can you at least give some color on what specifically you have put against the contingency right now that allows you to keep it in the plan?

Thomas A. Fanning
Chairman, President & CEO

Well, it's just general uncertainty about the remaining work to be done and the schedule upon which it will be done. There's -- just to remind everybody, to finish, I guess, Unit 4, you're 3 years away, round numbers. So there's a lot that could happen between now and then. And I think the lack of clarity with what can happen in a whole -- what do they call, the unknown unknowns, could certainly have a bearing.

You should know also, this was also a difference of opinion a little bit in the report by the staff. And that's perfectly fine. We keep a risk register. So what we do is we analyze the top 10 kind -- it's actually bigger than that, but the top kind of 10 big things and we -- like a subcontractor cost, and we look at how their performance has been with relation to construction, start-up, testing. And we just continually reassess. It's those kinds of things that really go to our assessment about contingency. The other thing that you should know -- I mean think about as you go through testing. It may be that some of the equipment you test doesn't work the way it should and you're going to need to rework it or it could have a schedule impact or -- who knows? But that's the reason why. There's just enough uncertainty remaining that we keep the contingency in place. We are gratified. Make no mistake. We haven't hit it yet. But don't be surprised if we do in the future.

Praful Mehta
Citigroup Inc, Research Division

Got you. That's helpful color. Understood. Maybe secondly on comparable plants in China. I know that there has been some unplanned outages there. Any color that you have in terms of what could be the reason for that? And is there any kind of design issue that you're aware of that could become a problem for Vogtle as well?

Thomas A. Fanning
Chairman, President & CEO

Yes. Sure. Last question first. There is no design issue that we're aware of. Number two, there's been a lot of discussion about the RCP, the reactor coolant pump. And I think it's pretty clear, the discussion around -- we don't know the root cause/effect. I think that report's coming out reasonably soon on site, but that really is a matter of discussion between the Chinese and Westinghouse. But that has been the only significant outage. And our sense is that they have equipment on site that they could have improved the speed of the recovery or whatever. But for whatever reason, that's really for them to answer. That's just one of 16 RCPs on site. There is no -- to our knowledge, there is no design or systemic issue that we're aware of.

Praful Mehta
Citigroup Inc, Research Division

Okay. Great. Good to get that out of the way, so appreciate that. And then finally, just quickly on the equity issuance timing. Is there anything we should be thinking about around all the options? And what are the options that you're thinking about? And from a timing perspective, how should we think about that as well?

Andrew William Evans
Executive VP & CFO

Praful, I think we have shown really good discipline in terms of capital raising over the last 1.5 years, probably 2 years. We have been focused on making sure that any divestiture that we do or slimming down of our core business is accretive to what our expectations are for equity. You've seen some activity in this period, in particular with the sale of Nacogdoches and I think our pending sale of Mankato.

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We have also done some streamlining across other parts of the business and recently sold a utility services business out of PowerSecure. We discharged a very small container shipping lease program that was part of cleanup after the Nicor acquisition from 2011. So really working through all of the options that we have to reduce the burden on share issuance.

The programs that we've had to date, the internal plans of DRIP generate about $500 million per annum in share count. The options exercise, which is another component of an internal plan, have accelerated a bit because of share price appreciation over the last few months. And so I'd just say that as we look at all of the options available to us to satisfy the remaining $2 billion, we just want to be as considerate from an investor perspective as we possibly can. Our route though is that to meet our capital plan, we can do it with simply using the internal plans that we have in place. All other options we would use would be only accretive to that plan.

Operator

Our following question comes from the line of Ali Agha with SunTrust.

Ali Agha
SunTrust Robinson Humphrey, Inc., Research Division

First question. Tom, just wanted to come back to the staff report on Vogtle. Anything in there that kind of surprised you? And what do you make of the criticism they have on the approach that you all are taking? I think in their words, a premature focus on testing versus focusing on construction completion. Any thoughts there?

Thomas A. Fanning
Chairman, President & CEO

Yes. Sure. Absolutely. Not really. I mean, a lot of the points they raised have been raised in the past in VCMs and other things. I can remember some discussion about not enough attention paid to milestones and too much attention paid to hours worked. And I can remember commentary over the past that we had this ramp-up of hours and there was concern about whether we could do it. Well, in fact, we've demonstrated -- and I started saying this in last October's earnings call, about how -- don't listen to our rhetoric, just watch and see if we can ramp up the hours, and sure enough, we have.

So I get concern. And that's their job. They are the adversarial staff. And like I said, we respect those people. And that's what they're doing. They're pointing out issues. We're well aware of the issues. We all know the issues. In terms of kind of the process, we think we have a really good balance on site right now of evaluating kind of the process of commodity work, whether it's hours or material or whatever, and focusing on milestones. It's very easy to think about kind of how all hours are not created equal. For example, some hours -- when we go to these weekly things -- and that's why we tried to -- and I guess this was 2 earnings calls ago, maybe 3, that we started saying to you guys, we're giving you hours and we think that's instructive. But as we start down this new rebaselining, it's important to think about milestones because not all hours are created equal. In other words, some of the hours that we're talking about have nothing to do with critical path. They are illustrative of our ability to put -- deploy labor and productive hours in place.

Let me just give you an example. We have now ramped up worked hours per week at around 188,000 hours per week. All we count are hours that accrue to productive work. So the delta between, say, 145,000 and 188,000, we believe, is headroom that allows us to increase productivity on site, essentially this S curve or sawtooth effect, and get to where we want to be, the 160,000 number. That's why we have some confidence. This idea about deferring some work in order to start a milestone, we completely -- we all understand. We talk about this a lot in these meetings that they attend, we attend, the NRC attends, Bechtel attends. This is a very intentional strategy of people that have built nuclear plants before. And yes, not all these hours are required in order to start a system test, but we think keeping to the aggressive schedule really helps us. In fact, some of the testing activities have already uncovered some benefits that will serve us well in the future in reducing hours. So sure, it's a balance. We accept the point, but we think we're doing the right thing.

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Ali Agha
SunTrust Robinson Humphrey, Inc., Research Division

Got it. Secondly, just to clarify, the fact that you came in this quarter well above what you were budgeting for the quarter, was that all or primarily weather related, given weather was so much better than normal? Or was there something else that caused you to come in so much better than your original expectation?

Thomas A. Fanning
Chairman, President & CEO

I think the underlying utilities are doing great. Let me just kind of start there. These folks -- we've had -- and not to throw at anybody else. As you look at resilience issues around the United States, whether there's temporary blackouts or things like that, we've had a reasonably hot summer, particularly in a month where we didn't expect it, May. The resilience of our system, the investments we've made over the years and will continue to make have proven to benefit our customers like nobody's business. And so we're very happy, I think, with the operation of our system.

And let me just also say, we don't often talk about it on these earnings calls, but things like our ability to deliver service. Georgia Power, for example, leads in customer service and customer satisfaction. We think that is a wonderful indicator of support for the hard work our thousands of employees do every day.

The other thing I would say is, recall this $0.80 per share that we did, did not include, I don't know, $0.07 of divested earnings, Gulf Power. Doesn't include Puerto Rico that added considerably to last year. So on all fronts, our franchise businesses are doing wonderfully well.

Ali Agha
SunTrust Robinson Humphrey, Inc., Research Division

Okay. Last question. As you pointed out, through the first half, weather-normalized sales are down about 1% or so. If I recall correctly, I think the budget for the year has been flat to up 1%. Are you relooking at that or are you still confident you can get there?

Andrew William Evans
Executive VP & CFO

I think we are very confident with the projection that we laid out. I have to look at weather normalization over a longer time period. We've had, I think, 2 exaggerated quarters. And I think it was probably February where we were -- it was considerably warmer than normal, and now May was an opposite season, considerably warmer than normal. And so these 2 things tend to have sort of an exaggerating effect on our estimates of weather-adjusted normal sales, but still pretty confident given the strength of the underlying economies here, job growth, residential in-migration, that we'll be in the right range for the year.

Thomas A. Fanning
Chairman, President & CEO

Yes. We're gratified with customer growth. The other thing I would just add, what we see in some of these results is timing and onetime effect, like the industrial being down 2%. We really think kind of going forward, that's a number more like 1% absent these effects. So -- look, it's very clear that we're in a little bit of a plateauing on the economy, and I think that's why the Fed is kind of thinking about what they're doing.

By the other token, our companies are managing expenses under Drew's leadership and the execution at the operating company level. We are delivering terrific results. Georgia Power, for example, top-quartile O&M right now. So we're able to accommodate whatever variances we see, be it weather or be it in organic sales.

Operator

Our following question comes from the line of Michael Weinstein with Credit Suisse.

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Michael Weinstein
Crédit Suisse AG, Research Division

On the SPI direct performance index slide, what's the reason for the uptick since May when you look at that and how it's creeping up there? I'm just wondering what the -- what's driving that.

Thomas A. Fanning
Chairman, President & CEO

Let me get to the slide. Yes. Obviously, it's the 4th of July. We didn't hit our numbers on that week.

Michael Weinstein
Crédit Suisse AG, Research Division

So you're expecting this to come back down?

Thomas A. Fanning
Chairman, President & CEO

Yes. Yes. Yes.

Michael Weinstein
Crédit Suisse AG, Research Division

Got you. All right. And on the ARO...

Thomas A. Fanning
Chairman, President & CEO

Mike, just real quick, I'm sorry. If you heard in the script, we talked about last 3 weeks, that was to exclude the 4th of July. So -- and remember, the statistic we're showing here is a 4-week average. So it's picking up 4th of July.

Michael Weinstein
Crédit Suisse AG, Research Division

Roger. On the IRP and the IRO (sic) [ARO] and also the rate case, how much flexibility do you have in spending on coal ash remediation going forward, I don't know, given public comments so far on the rate case and the filing amount and concerns about how the rate case filing was for a large amount? And just wondering if there's flexibility in how you can spread out that spending over time.

Thomas A. Fanning
Chairman, President & CEO

Yes. So Drew, let's tag team on this because Drew's got this great stuff, but using executive privilege I'm going to lead the way. Georgia hasn't had an increase since 2013. That was the increase they deferred. And now it's 2019. So when you think about the increase that Georgia Power is talking about, the frame of reference is kind of 9 years. In other words, last 6 years, no increase, 3 years looking forward. So think about the increase they're talking about in the context of 9 years, okay? And so what they've done in order to deliver results is manage O&M. They're now top quartile easily and some other things. You have some kind of interesting data points.

Andrew William Evans
Executive VP & CFO

Well, to your point around the rate case, if you look at the impact to customers' share of wallet and burden to bill, rates have been basically unchanged over that 8- or 10-year period. With the rate increases that have been proposed, it's I think less than 1% in total over that.

Michael, your question really related partially to ARO, what its implications might be for rate? I would tell you that the $10 billion program that we have today is today's best estimate of how that investment will unfold. The chances of it being overly accurate today are slim. We will modify that plan as we proceed.

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And so the timing of expenditure will change over the period, the total amount will change. Recovery is the same feature, which is we have a lot of flexibility. And I think the commission and Georgia Power are considering different ways for recovery that will ultimately reduce the burden on the customer.

Thomas A. Fanning
Chairman, President & CEO

And I think Drew raises the right point here. There is a balance between what we must do, and we have an agreed-upon plan with the state EPD and the whole thing, so we have a what. And then as Drew correctly points out, we have a how out of recovery. So that will be the subject of the rate case and we're certainly not going to get in front of that. So that will be worked out in a constructive manner, I'm confident.

Operator

Our following question comes from the line of Michael Lapides with Goldman Sachs.

Michael Jay Lapides
Goldman Sachs Group Inc., Research Division

Real quick. You're doing a lot of fleet transformation with all the renewables with the extra gigawatt of coal retirements. How are you thinking about, a, how this impacts the need for incremental transmission across the system? And b, when you think you'll start seeing similar fleet transformation in your other large jurisdiction in Alabama?

Thomas A. Fanning
Chairman, President & CEO

Yes. So that's a terrific question. In fact, part of the IRP -- one of the reasons why we love our IRP process in the Southeast is we are able to iterate around generation and transmission decisions. That's really difficult in the so-called organized markets.

In fact, included in some of these closures and potential flexibility in the future is in fact an iteration around some major transmission projects. For example, I know that whether we do it in the next 3 years or down the road, building some more transmission east of plant Bowen, which is kind of Northeast Georgia, that we want to go east of there to bolster our system makes a lot of sense. For years, we have talked about transmission improvements along the bottom south of our system. So let's -- I think we used to call it the southern highway, but it kind of shows increases from Mississippi across Alabama. It used to go into Gulf. So the iteration around generation transmission -- generation decisions and transmission is really important. What was the other part of your question?

Michael Jay Lapides
Goldman Sachs Group Inc., Research Division

Well, just Alabama, when do you see that happening -- playing out -- when do you see a sizable -- because if you think about your fleet transformation so far, it's been mostly Georgia. When do you see that playing out in Alabama, if at all?

Thomas A. Fanning
Chairman, President & CEO

Well, so here's -- Alabama has a different process than Georgia. Alabama did announce that they're going to retire 1,000 megawatts of coal and they have been under a public process to procure more gas. We think that they will undertake a process that may give more clarity by the end of this year, but that really is between Alabama and their commission. So just stay tuned.

Michael Jay Lapides
Goldman Sachs Group Inc., Research Division

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Okay. And then a little bit of a housekeeping one for Drew. Drew, it looks like the tax rate in the quarter was pretty low, like in the -- if I just look at the financials in your packet, like sub-15%. I'm just trying to think about how to think about the second half of the year in tax rates.

Andrew William Evans
Executive VP & CFO

I think I'll have to probably answer your question in more detail when we get into the boiler room. But the 2 biggest drivers I think probably were ITC amortizations in current period and tax impacts from the sale of subsidiaries. I don't think that our rate will be significantly different on a normalized basis than what we experienced last year.

In fact, there was a gain on the Triton investment that had the biggest impact on our effective tax rate in the current period. And we reported some gain on investment tax credits from the sale of Nacogdoches. So a little bit modulated by the cleanup of the portfolio that we've been doing.

Thomas A. Fanning
Chairman, President & CEO

I don't think we've announced it really, but we did sell off another piece of business at PowerSecure, a utility services business.

That just helps sharpen our focus on that.

Operator

Our following question comes from the line of Sophie Karp with KeyBanc.

Sophie Ksenia Karp
KeyBanc Capital Markets Inc., Research Division

I wanted to maybe switch gears a little bit and ask you about the Mississippi. It's been kind of quiet, but there's pending changes in the commission and you're going to go in for a rate case later this year. I guess what are your expectations about how the jurisdiction is going to shape up going forward, if any? And so what are you seeing there on the ground?

Thomas A. Fanning
Chairman, President & CEO

Yes. I think it's been quiet and that's good for everybody, I think. Mississippi continues to regain its footing after the Plant Ratcliffe, Kemper County events. And I would say, since then, we got the gas plant in place in a very constructive way. So I would say -- I would determine it -- really, since then, it's been very constructive. We look forward to a fair process. And certainly, we're not going to get in front of what's going to be filed and what they'll think about it, but I think it's been very good.

Sophie Ksenia Karp
KeyBanc Capital Markets Inc., Research Division

But your framework there has been in place for a really long time. Correct?

Thomas A. Fanning
Chairman, President & CEO

Absolutely, gosh. Believe it or not, PEP, the performance evaluation plan, has been modified over the years, but it was put in place about the time that I was CFO there, which goes back to 1993. I think it's when I came there from Australia. So it's about that old, 25 years.

Sophie Ksenia Karp
KeyBanc Capital Markets Inc., Research Division

Yes. And should -- do you also think that this kind of framework stays in place and maybe just the changes around the edges? Or should we expect...

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Thomas A. Fanning
Chairman, President & CEO

Yes. In fact, you know what, you look around our -- all of our 3 electric utilities have different processes and all of them are terrific. PEP, the performance evaluation plan, is great. The RSE plan in Alabama has been great. And the kind of 3-year process we go through in Georgia has been great.

And when I say great, here's what I mean. At the end of the day, they produce terrific results for customers. And look at it, we've got among the lowest prices in the United States. I think Georgia now is more than 15% better than the national average. Customer satisfaction is high. We're able to handle kind of very thorny issues together with our regulator to produce great business results. That helps everybody. So while each of these mechanisms are different, each of them work well.

Operator

Our following question comes from the line of Christopher Turnure with JP Morgan.

Christopher James Turnure
JP Morgan Chase & Co, Research Division

Just a modeling question for you, following up on some of the prior ones on the quarter itself. Are there any items included in your adjusted EPS that we could consider not recurring for next year, and in particular on the power or the gas side?

Andrew William Evans
Executive VP & CFO

In ex items, I guess is your question. So ex items were dominated by the gain on the sale of Mankato -- of Nacogdoches, Wholesale Gas Services were backed out and then we had a small charge for plants under construction, which will be largely Kemper. Nonrepeatable next year I think would probably be acquisition, disposition and integration impacts, but we will continue to back our wholesale services, I think, in the future.

Thomas A. Fanning
Chairman, President & CEO

Chris, I thought you were saying in our adjusted earnings, were there anything, one-timers...

Christopher James Turnure
JP Morgan Chase & Co, Research Division

That's what I was driving at, within the adjusted number.

Thomas A. Fanning
Chairman, President & CEO

Yes. Not that I'm aware of, I mean, other than what we talk about. Gee whiz, I mean weather, junk like that, but no...

Christopher James Turnure
JP Morgan Chase & Co, Research Division

No smaller gains on sales or anything in there?

Thomas A. Fanning
Chairman, President & CEO

No. With one-timers, we tend to push those off into the ex portion that Drew was talking about.

Andrew William Evans
Executive VP & CFO

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Actually, probably one of the bigger deltas relates to income we did have in '18 and didn't have in '19, which would be revenue from Puerto Rico. We did settle some small litigation in Southern Power, about $12 million, so less than $0.01 -- about $0.01 a share, but...

Thomas A. Fanning
Chairman, President & CEO

Nothing significant.

Andrew William Evans
Executive VP & CFO

Nothing significant.

Christopher James Turnure
JP Morgan Chase & Co, Research Division

Okay. Great. And then one other question on Vogtle. Among the others here, I think you were successfully able to hire 400 people, I think, for the day shift, in June, and your goal is to shift them over to night. Any more recent commentary for your progress in the month of July?

Thomas A. Fanning
Chairman, President & CEO

Yes. Well, here's -- yes. Let me give you the breakdown on -- remember, as you point out, as we started adding people, most of that was going to go to the night shift. And in fact, we've added 1,000 people since the last call. And in fact, when you think about the percentage differences between where we were and where we are, I wanted to say we were, gosh, 75-25 day to night. Now we're kind of 65-45. So all of these additional personnel are going largely to the night shift. And so there is productivity issues and all that. Boy, that's working well. And just to give you a quick commentary, we're pretty well done on pipe fitters. We got all that we need. Electricians, we're on track. We have what we need today. We'll probably add a few more, but we're very happy with where we are on staffing.

Operator

Our following question comes from the line of Andrew Weisel with Scotia Howard Weil.

Andrew Marc Weisel
Scotia Howard Weil, Research Division

I had a question -- a follow-on question on the Georgia IRP around coal sales -- or coal retirements, excuse me. Obviously, that was part of the package, but obviously also some other people wanted additional coal plant retirements. Could you explain the strategy behind keeping some of those other units, like Bowen 1 and 2, for example? And is that economics versus reliability? Or how should we think about the potential for additional coal plant retirements?

Thomas A. Fanning
Chairman, President & CEO

Yes. So there again, that's a well-defined regulatory process in which to evaluate that. But it really goes to 2 big things: economics and then reliability. It is very clear that other forms of generation, given the regulatory environment around coal and carbon and everything else, that there is a lot of pressure on any sort of carbon-emitting type of generation, clearly coal. And so therefore, coal will continue to be under pressure over time. You can just shut those things down, and we demonstrated some of that in the IRP.

When you think about Bowen 1 and 2, just for your example, it is lower in the dispatch curve than it has been over time. That's because of cheap plentiful natural gas. It's continues to be pressured probably as we add renewables and a variety of other things and as we add nuclear.

The notion of this inactive reserve, taking it out of dispatch as a matter of resilience is a discussion point right now. Nobody agreed to do that. But I think given the notion of the increasing importance

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of resilience -- and let me be clear, IRPs are founded under decades-long mathematical practices that deal with the cost of outages and reliability. Resilience -- and reliability says this is how my system acts under normal conditions, including weather variances and normal outages and a variety of other things. Resilience really goes to the idea of how my system operates under abnormal conditions, whether that's a hurricane or a snowstorm or a cyberattack. Or what if we had a major interruption in a gas pipeline? Are we thinking proactively, skating to where the puck will be, on ways to manage significant disruptions that we don't currently anticipate happening?

And so that is where we get into these ideas like standby -- I mean -- I'm sorry, inactive reserves. These are very constructive conversations that we're having with the staff and with the commission. And really, I'm trying to elevate that conversation nationally. These are important issues we need to deal with.

Andrew Marc Weisel
Scotia Howard Weil, Research Division

Okay. If I could squeeze in one follow-up. On this third quarter guidance, will you remind me your practice? Does that assume normal weather or does that reflect the favorable hot July weather we have seen? And then kind of as a follow-up to that for the full year, should we -- I know you'll update guidance on the next quarterly call, but are there anything we should consider that might be an offset to the favorable weather? Or would it be fair to assume you're trending toward the high end of the guidance range?

Andrew William Evans
Executive VP & CFO

Our guidance or expectation for the -- our expectation for the third quarter does assume normal weather. I think that's the simplest answer. And as we have seen great volatility month to month in projection versus actual, I think that's probably our best process for prospective planning.

Thomas A. Fanning
Chairman, President & CEO

There's a joke among -- I got to tell a joke. There's a joke among the CFO. I used to be CFO, remember. There was a CFO of Mississippi Power and we go through these meetings where Drew just -- they all work together and beat each other up about what the right numbers are. And Frances Turnage, CFO of Mississippi Power, one time said that all of our positive variances are temporary and all our negative variances are permanent. And that's how she sets her numbers. But in general, Drew and his team work really hard to get a good number for you guys.

Andrew William Evans
Executive VP & CFO

Yes. And we -- would it -- it's just not an appropriate quarter for us to update our expectations today. Let's get through the summer -- the bulk of the summer heating season, we'll be able to give you a really good sense of how we think this year is going to come out.

Thomas A. Fanning
Chairman, President & CEO

And you guys didn't ask the question, but I'll go ahead and answer the question. When Drew gives you the third quarter estimate, that implies something for the fourth quarter. If you look historically, we think we can handle that pretty easily.

Operator

Our following question comes from the line of Charles Fishman with Morningstar Research.

Charles J. Fishman
Morningstar Inc., Research Division

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Just one question on Slide 16, generation mix. Tom, if we look out 10 years, and let's assume natural gas stays cheap, if I look at the right-hand pie chart, nuclear obviously up, renewables up, coal down. What happens with the natural gas?

Thomas A. Fanning
Chairman, President & CEO

Yes. This is great stuff. So there's actually a lot of degrees of freedom in that question, right, so 10 years. But let me give you this. We have -- in fact, this goes back to my time as COO, so I'm telling old-man stories now. This is 15 years ago, 20 years ago, but -- 15 years ago. We started using a probability-weighted way to think about carbon prices or the cost of carbon. And we do essentially a 3 x 3 matrix of high, medium and low gas prices; high, medium and low coal; high, medium and low cost of carbon.

So when we do an IRP, we actually have prices of carbon that go into the probability estimate and we come up with, in probability terms, a dominant solution. That comes up as the IRP. The carbon prices we use are 0, $10 and $20 a ton. It's very easy to manipulate that, manipulate meaning change it and put in new inputs that would say what happens at $50 a ton. And so we go through all sorts of stress analysis about that.

Here's kind of the big variances. My sense -- and this is my judgment today, no guarantee, you're going to continue to see low, cheap gas forever. I mean that's why we bought gas and that's why gas has been a great solution for us. So you're going to see gas migrate north. You're going to see renewables increase significantly. You're going to see nuclear with the addition of Vogtle 3 and 4 remain reasonably constant. And then, over time, you will see coal diminish. And I think that's a matter of economics. It's a matter of a whole lot of things. Now whether coal goes away from a capacity standpoint or just diminishes from an energy standpoint goes to these resiliency strategies I have been talking to.

So who knows? This is where we made the commitment. We were first out of the gate, I think, to say low to no carbon. How natural gas continues to stay in the mix depends upon at least 1 of 2 big technology innovations that we're working on. One deals with how are we going to manage the carbon atoms that comes off hydrocarbon kind of looking fuel types. If we can continue to have success in capturing carbon and ultimately doing something positive with it, then you'll see natural gas be really robust for a long period of time. The other one is storage. If you succeed in storage beyond kind of the lithium-ion technology we see today, you may see a much bigger penetration of renewables. Those are kind of the big swing points.

Operator

Our following question comes from the line of Phil Covello with ExodusPoint.

Andrew Levi
ExodusPoint Capital Management, LP

It's actually Andy. Just very, very quick numbers question. So just -- so $1.10 that you're giving for the third quarter, I guess the trailing 12 months would be like $2.85 because it was like $0.25 in the fourth quarter. So again, assuming normal weather, what drives the fourth quarter to like $0.40 or something like that? What are the drivers?

Andrew William Evans
Executive VP & CFO

Andy, this is Drew. If you look at the last 5 years, sort of the modern Southern era with gas, we have been sort of bimodal in our reported results, something in the $0.25 to $0.50 range. And what has been modal is what -- really, weather in the third quarter and its impact ultimately on earned ROEs.

And so as we move in -- move through the third quarter, we'll have a better sense of where we will be in terms of earned versus allowed. And the fourth quarter will either be sort of the supplement to a poor-weather quarter in the third or it will be reflective of large reserves taken for customer refund in the fourth. And so I think that's kind of how we think about third -- interplay of third and fourth quarters, but I think what we have setup is very consistent with our experience over the last 4 or 5 years.

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Thomas A. Fanning
Chairman, President & CEO

In other words, if we have essentially had very beneficial weather in the third quarter, that produces over-earnings. And therefore, we have less earnings in the fourth quarter.[indiscernible]

Andrew Levi
ExodusPoint Capital Management, LP

So that's what happened in the last quarter.

Thomas A. Fanning
Chairman, President & CEO

[indiscernible] essentially what you are seeing. And where we didn't have that kind of weather, we tended to have less sharing and therefore, better fourth quarter results. And Andy, just to give you -- in '17, we earned $0.51. And in '15, we earned $0.44.

Operator

And that will conclude today's question-and-answer session. Sir, are there any closing remarks?

Andrew William Evans
Executive VP & CFO

Yes. And I promise not to talk about the greatest Tour de France in the last 10 years. It's interesting. This is an important period, I think, for me personally. This is the anniversary of my first earnings call with the company after I took over from the great Art Beattie, and I would expect a call from him this afternoon. If I think about what our conversation was centered around last year, it really was whether or not completion of Vogtle 3 and 4 would occur. And I'm really sort of enjoying the fact that we've moved on from that conversation, I think, because of structural improvements that we've put in ourselves in terms of the commitment that we've made to advancing the construction. We've had major milestones met over the last year and we have converted a labor force largely from iron and concrete into pipe and to wire. If I look at what's ahead of us, we've got a couple of major milestones that we want people to focus on. I think we get a little bit overly myopic in terms of hourly rates or Canadian visas. And it's promising, I think, that we've moved on and think about major milestones and their turnover. As we talk through this with investors, I think we're very open about the fact that we maintain reserves of both time and cost that we think will allow us to meet our expectations with the commission, which ultimately is for completion November of '21 and '22. And I think we're in good shape to meet those commitments, but I think a very important year in terms of the success of the company in advancing that effort.

Thomas A. Fanning
Chairman, President & CEO

And the only cherry I'll put on that one is this: We said a year ago that 2019 would be an awfully important year. And if you look at the first half of this year, it's a great report card. A lot of work ahead. Nobody's counting any chickens at this point, but son of a gun, you got to be happy with the first 6 months. And we're happy with what we think lays ahead. So we'll keep working and hopefully we continue to deliver the goods results that we have so far. Thanks, everybody, for joining us this morning, and we'll see you soon.

Andrew William Evans
Executive VP & CFO

Take care.

Operator
Thank you, sir. Ladies and gentlemen, this concludes The Southern Company Second Quarter 2019 Earnings Call. You may now disconnect.

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