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## Georgia Public Service Commission

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**FOR IMMEDIATE RELEASE**

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### **NEWS RELEASE**

#### **PSC Approves Agreement in Plant Vogtle Construction Monitoring Docket; *Approves Atlanta Gas Light Pipeline Projects; Settlement in Cairo Natural Gas Explosion***

ATLANTA, August 2, 2011 – The Georgia Public Service Commission at its Administrative Session today unanimously adopted a proposed settlement that resolves the mechanism for dealing with any potential construction cost overruns at the Georgia Power Company Plant Vogtle construction project in Waynesboro, Georgia in Docket Number 29849.

Commission Chairman Stan Wise said, “Any expenditure by Georgia Power Company is subject to this Commission’s review for reasonableness and prudence. That’s the hammer and the most important tool this Commission has. We get to look at these expenses all the way to 2016 and 2017.”

Commissioner Tim Echols said, “I support this agreement because I am not willing to send a message to the Company and their stockholders that nuclear power is too risky for Georgia.”

On March 17, 2009, in Docket Number 27800, the Commission certified the need for the additional units and generating capacity at Plant Vogtle. The certification of Plant Vogtle left unresolved two issues relating to the question of how any potential cost overruns would be allocated between Georgia Power and its customers.

The first unresolved issue related to the Commission’s ongoing monitoring of the construction project. Every six months, the Commission has hearings to review construction costs incurred to date by the Company. Georgia Power had taken the position that once a cost had been verified and approved in that semi-annual process, the Commission could not later disallow the cost as imprudent. The Staff had argued that the Commission retained the right to disallow such costs if it subsequently determined that they were imprudent.

The second unresolved issue was the Commission Staff recommendation for a risk sharing mechanism. The Staff had proposed that if the cost of the plant exceeded the \$6.1 billion originally approved by the Commission by more than \$300 million, the Company’s stockholders should bear some of those costs even if the cost overruns were prudent. Pursuant to the Commission’s order in this Docket on February 25, 2010, the Company and Commission Staff had continued to negotiate a proposed risk sharing

mechanism but been unable to reach an agreement. On April 5, 2011, the Commission voted to have further hearings on the issue.

The proposed settlement agreement approved today will resolve both of these outstanding issues. In exchange for the Company agreeing to the Commission Staff's position that the Commission retains the ability to disallow costs as imprudent even after they have been verified and approved in the semi-annual review process, the Commission Staff is agreeing to withdraw its support for its proposed risk sharing mechanism. According to the Staff brief filed in support of the Settlement, "The ability of the Commission to review construction costs upon completion of the Units and, if appropriate, exclude from the Company's rate base any costs that were imprudently incurred provides significant protection for the Company's ratepayers in the event the final cost of construction exceeds the certified cost of \$6.1 billion."

In other action today the Commission:

Approved funding for four projects for Atlanta Gas Light Company's Integrated Strategic Corridor plan in order to extend natural gas service to un-served areas of Georgia in Docket Number 29950. The projects will add an additional 45.1 miles of natural gas pipeline in the AGLC distribution system at a total cost of \$31.5 million. The projects are:

- |                      |                          |            |              |
|----------------------|--------------------------|------------|--------------|
| • Blue Ridge Project | Fannin & Gilmer Counties | 27.6 miles | \$22,000,000 |
| • Cleveland to Helen | White County             | 11.5 miles | \$6,000,000  |
| • Lake Sinclair      | Baldwin County           | 4.4 miles  | \$1,500,000  |
| • Georgetown-Augusta | Columbia County          | 1.7 miles  | \$640,000    |

Approved a consent agreement in Docket Number 33062 to resolve issues stemming from a natural gas pipeline explosion on September 28, 2010 in the city of Cairo, Georgia that resulted in one fatality. In the agreement, the City of Cairo agrees to pay a civil penalty of \$105,000 to the Commission and dedicate an additional \$50,000 to the development and establishment of a regional natural gas safety training program.

For more information, please see the Commission web site at [www.psc.state.ga.us](http://www.psc.state.ga.us). Video excerpts of today's session are also available on the Commission's YouTube channel at <http://www.youtube.com/ThePSCGa>.

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