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Editorial: PSC looks to the future with Plant Vogtle vote



# OPINION-EDITORIAL

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The Georgia Public Service Commission should be credited for taking the long view Thursday and voting unanimously to allow Georgia Power Co. and its partners to continue two controversial nuclear reactors at Plant Vogtle.

The PSC's decision helps assure future generations that the lights won't go out in Georgia and that Georgians should have an ample power supply for their homes and businesses and helps cements the state's position as the nation's leading state in which to do business, which translates into more jobs and opportunities.

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But the decision wasn't the slam dunk for Georgia Power as many of the PSC's critics claimed. The commission penalized the company by \$1.7 billion in what it can collect in the future from ratepayers. Much of the controversy over the two reactors centered around whether ratepayers or company stockholders should be saddled with the costs of building them. Opponents of nuclear power had hoped the PSC would simply force Georgia Power to pull the plug on the project, an unrealistic and potentially unwise move.

The project had been plagued by delays — the reactors were originally supposed to be online in 2016 and 2017 — and the cost had ballooned from the original \$6.1 billion budget. About \$4.3 billion had already been spent on the project for construction and capital costs with \$2 billion in financing costs. Tom Newsome of the PSC's staff said it is about 40 percent complete, which is not encouraging.

Georgia Power wanted to continue the project but at an increased cost of \$12.2 billion and a delay of roughly 29 months to 2021 and 2022 for the reactors to come online, which it had asked the commission to consider reasonable. The cost of canceling was prohibitively steep at between \$730 million to \$760 million, with Georgia Power paying \$330 million to \$350 million. Georgia Power is a 45.7 percent owner in the project and the total capital cost would be \$19 billion, but the financing cost for the other owners — Oglethorpe Power, MEAG Power and Dalton Utilities — is not publicly reported to the commission.

PSC Vice Chair Tim Echols made a lengthy and complex motion to approve the capital cost of the project at \$7.3 billion — an amount that represents the company's capital request minus a \$1.7 billion payment Georgia Power received through the former contractor on the project. But the motion also reduced what the company can collect from ratepayers for the project beginning in 2021 that amounts to about \$1.7 billion.

That's fair, as it prevents Georgia Power from double-dipping – getting money from a former contractor and ratepayers for essentially the same project.

And it's not as if ratepayers and the anti-nuke crowd were completely stiffed.

As part of the approval, Georgia Power will be required to give customers a \$25 credit for three months on their bills as a "refund" for what they have paid so far for the new reactors. Georgia Power will also be required to create a five megawatt community solar project on the Vogtle site, a public-relations move that Mr. Echols wanted so that people arriving at the site see solar before they see the reactors.



But the news that makes this vote historic is that it means nuclear power will survive as a power source in Georgia and millions of customers should ultimately benefit. As an additional benefit important to communities near the plant site, it preserves thousands of good-paying jobs, which helps the local economy in that area.

This vote, which was unpopular in many quarters, could be a political issue in next year's statewide races. But this was one time when it was more important to be prudent and practical than politically popular.

PSC Chairman Stan Wise was being understated when he said this vote was a "tough decision." He quickly added that "history over time will show that we were correct."

We tend to agree. The best way to predict the future is to look at the past. It must be noted that the first two reactors at Vogtle were controversial and ran over budget and beyond schedule. However, they were ultimately allowed to proceed to the benefit of ratepayers. Although there is no guarantee, there's reason to expect that the same will hold true for the two new reactors, as Georgia Power has a wealth of experience in these matters.

Mr. Echols noted that "Georgians will look back and be as grateful for (this decision) as we are for the decision to complete (the first two)." He may be stretching things a bit, as the reactors are still a long way from coming online and all the costs have not been added up.

Perhaps the most telling and troubling aspect of this vote was that the elected members of the PSC and its paid professional staff presented very different projections of whether continuing the project would make sense for ratepayers under Georgia Power's proposal.

Georgia Power contended that completing the reactors would make more economic sense than canceling and relying on an alternative, such as a natural gas plant, while staff estimated the project would be "uneconomic" by \$1.6 billion.

Staff and Georgia Power estimates on the future price of natural gas were about \$1 billion apart.

Commission staff also argued that the delays actually benefited Georgia Power by increasing its profits by \$5.2 billion and increasing the cost to ratepayers by \$14 billion over the 12 years of construction and 60-year life of the plant. The reductions the commission made Thursday to future payments from ratepayers would seemingly reduce that \$14 billion to \$12.3 billion.

The fact that the PSC and its staff were so far apart is cause for concern and suggests that this important agency of state government has some important internal bridge-building to do. That doesn't mean that the politicians and the staff always have to be on the same page on issues like this one, but they should at least be reading from left to right in the same book.

Indeed, this may not be the final chapter on these ill-starred reactors. The anti-nuke group Nuclear Watch South saw Thursday's vote as progress towards a full and final cancellation.

"The Vogtle project is contingent upon conditions which cannot be met," says Erin Glynn, the group's attorney.

That seems unlikely at this point.

Instead, this vote keeps nuclear power alive as a viable option to meet Georgia's future energy needs and it means thousands of highly skilled jobs will remain in the state's workforce. All in all, the PSC was wise to keep its eyes on future possibilities not fixated on past mistakes or unforeseen difficulties, like the decision of the original contractor, Westinghouse, to declare bankruptcy.

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