
ORDER ADOPTING STIPULATION

This matter comes before the Georgia Public Service Commission ("Commission") for consideration of the Proposed Stipulation ("Stipulation"), attached hereto as Attachment A and incorporated herein by this reference, executed on behalf of the Commission Public Interest Advocacy Staff ("PIA Staff") and Georgia Power Company ("Georgia Power" or the "Company"), which addresses the protocol for the evaluation of issues arising during the Eighth Semi-Annual Vogtle Construction Monitoring ("VCM") Reporting Period and the filing of the Ninth Semi-Annual Vogtle Construction Monitoring Report.

BACKGROUND

In Docket No. 27800, Georgia Power filed an application for the Certification of Units 3 and 4 at Plant Vogtle and Updated Integrated Resource Plan ("Application"). In its Application, the Company sought Commission approval of its addition of Units 3 and 4 at Plant Vogtle ("Vogtle Units 3 and 4"). In its Amended Certification Order dated March 30, 2009, the Commission approved the Company’s Application for the Certification of Vogtle Units 3 and 4 as modified by a stipulation entered into between the PIA Staff and the Company ("Certification Stipulation").
Paragraph 2 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). Such semi-annual monitoring reports must include any proposed revisions in the
cost estimates, construction schedule, or project configuration, as well as a report of
actual costs incurred in the period covered by the report.

On February 28, 2013 the Company filed with the Commission its Eighth
Semi-Annual Construction Monitoring Report ("Monitoring Report"). The Eighth
Semi-Annual Construction Monitoring Report covers capital and financing
expenditures incurred up to and including December 31, 2012. In the Monitoring
Report, the Company requested:

That pursuant to O.C.G.A 46-3A-7 the Commission verify and approve the
expenditures made during the period, which total $209 million, as having been
made in compliance with the certificate, and

That pursuant to O.C.G.A 46-3A-5 the Commission amend the existing
certificate to reflect a revised construction schedule, and the associated
extension costs, and a total projected capital cost of $4.8 billion.

(Monitoring Report, p. 4.)

At its April 17, 2013 Administrative Session, the Commission approved a
Procedural and Scheduling Order identifying the following as the issues to be
considered in this proceeding:

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

2. Whether the Commission should exclude certain construction cost
amounts from the Company’s rate base on the basis of fraud,
concealment, failure to disclose a material fact, imprudence, or criminal
misconduct.

3. Whether the Commission should amend the existing certificate to reflect
a revised construction schedule, and the associated extension costs, and a
revised total project cost.

(Procedural and Scheduling Order, pp. 3 and 4.)

On July 31, 2013, the PIA Staff and Georgia Power filed the proposed
Stipulation with the Commission which would provide, among other things, that the
Company's request for an Amendment to the Certificate that was filed on February 28, 2013, shall be deemed withdrawn and held in abeyance until the completion of Vogtle Unit 3.

On August 1, 2013, the Chairman of the Commission issued an Order Extending Date For Filing Testimony for PIA Staff and Interveners from August 2, 2013, until August 8, 2013, in order to allow PIA Staff and Interveners an opportunity to address issues relating to the Stipulation in their testimony.

On August 8, 2013, PIA Staff and Nuclear Watch South filed direct testimony that addressed, inter alia, the Stipulation. No other interveners filed testimony. The Commission held its hearing on the direct cases of Staff and Interveners commencing on August 13, 2013.

On August 26, 2013, Georgia Power filed a letter with the Commission requesting that the Stipulation be considered at the Commission's September 3, 2013 Administrative Session.

**FINDINGS AND CONCLUSIONS**

1.

After considering the Stipulation, the Commission finds and concludes that the terms and conditions of the Stipulation are reasonable. The Commission further finds and concludes that it is appropriate and in the public interest to approve the Stipulation. The Commission further finds and concludes that it is authorized to resolve matters, in whole or in part, by stipulation. O.C.G.A. 50-13-13(a)(4).

2.

The Commission finds and concludes that the Stipulation provides that the Company's request for an Amendment to the Certificate that was filed on February 28, 2013, shall be deemed withdrawn. In addition, the Stipulation provides that Staff need not file testimony on the issues raised by the Company's application to amend the Certificate, or on issues raised in any future amendment request, until completion of Vogtle Unit 3. The Stipulation further provides that consideration of the request to amend the Certificate, and any further requests to increase the certified cost, shall be held in abeyance until the completion of Vogtle Unit 3. Therefore, the current certified amount would remain at $6.113 billion until that time and costs in excess of the certified amount shall not be allowed in rate base unless shown by the Company to have been reasonable and prudent. Pre-Filed Testimony of Steven D. Roetger and William R. Jacobs, Jr., Ph.D., pp. 20-21. See, O.C.G.A. 46-3A-7.
3.

The Commission finds and concludes that many of the issues presented by the Company’s proposed certification amendment are also subject to, or may be subject to, claims by the Consortium in the pending litigation between the Owners and the Consortium. There is a possibility that discussion of these issues in this proceeding may adversely impact the Company’s prosecution of the litigation. In such an event, additional costs could potentially be borne by either the Company’s ratepayers or its shareholders. The Stipulation preserves issues that could be raised by Staff in VCM 8 or in subsequent VCM periods and provides that Staff need not file testimony on these issues until Vogtle Unit 3 is completed. Accordingly, ratepayer interests are protected in a manner that avoids unnecessary discussion of issues that could impact the litigation. As such, deferral of consideration of the Company’s request to amend the Certificate, and any further requests to increase the certified cost, until the completion of Vogtle Unit 3, is in the public interest. Id. at 21-22.

4.

The Commission finds and concludes that maintaining the certified amount at $6.113 billion provides significant ratepayer protections. First, the Company will retain the burden to prove that costs in excess of the certified amount were reasonable and prudent. Second, as financing charges recovered under the Nuclear Construction Cost Recovery ("NCCR") tariff accrue only on "certified" costs as they are recorded in the Company’s construction work in progress account, the Company would be unable to collect financing costs through the NCCR tariff on costs above those that have been certified. Id. at 22. See, O.C.G.A. 46-2-25(c.1).

5.

The Commission finds and concludes that the Stipulation preserves any and all issues that could be raised by Staff in VCM 8 or in subsequent VCM periods. The Stipulation also expressly provides that if the Commission makes a finding of fraud, concealment, failure to disclose a material fact, imprudence or criminal misconduct in the Vogtle Units 3 and 4 construction, the Commission has the authority to disallow associated financing costs and replacement fuel costs even if such costs have already been collected from customers. Thus, the Stipulation does not limit in any way the Commission’s ability to protect ratepayers and to disallow any costs that are the result of fraud, concealment, failure to disclose a material fact, imprudence or criminal misconduct. Id. at 21.

6.
The Commission finds and concludes that the potential additional costs to ratepayers or shareholders by proceeding with these issues now given the pending litigation would constitute a substantial hardship justifying waiver of Commission Rule 515-3-4-.08(b). The Commission further finds and concludes that the preservation of issues contained in the Stipulation is an appropriate means of complying with the purpose of the underlying statutes. O.C.G.A. 50-13-9.1(c).

7.

The Commission finds and concludes that, since the period for reviewing VCM 8 and for the Commission's decision on VCM 8 have both been extended by agreement of the parties past the date on which the VCM 9 report was to be filed, it is reasonable to combine the Ninth and Tenth VCM filings into a single filing, which will cover the period from January 1 through December 31, 2013. Such a combined filing will promote administrative efficiency by not requiring the parties to participate in two separate but overlapping VCM proceedings simultaneously. In lieu of a formal Ninth VCM filing, the Company will file on, or before, September 3, 2013, an abbreviated update on the status of the Project and the expenses incurred on the Project during the period from January 1 through June 30, 2013. Pre-Filed Testimony of Steven D. Roetger and William R. Jacobs, Jr., Ph.D., p. 21. The Commission further finds and concludes that O.C.G.A. 46-3A-7(b) gives the Commission discretion in determining the appropriate intervals for monitoring construction.

8.

The Commission finds and concludes that Nuclear Watch South provided no credible rationale for not approving the Stipulation. In contrast, the testimony of PIA Staff provided abundant support for approval. Nuclear Watch South’s testimony demonstrated a lack of understanding of the Stipulation. First, Nuclear Watch South’s testimony stated that the Stipulation “absolves PIA staff from testifying on (requested increased capital) costs.” Pre-filed testimony of Steven C. Prenovitz, p. 27. It does not. The Stipulation simply gives PIA Staff flexibility in the timing of such testimony. Paragraph 3 of the Stipulation states that “PIA Staff need not file testimony … until completion of Vogtle 3. Second, Nuclear Watch South states that the Stipulation requests approval from the Commission “to recover $209 million spent July 1-December 31, 2013.” Id. Nothing in the Stipulation requested such an approval and that issue remains to be decided in this case. Third, Nuclear Watch South states that the Stipulation does a disservice to ratepayers “by ignoring the cost increases, quality, and managerial issues which are necessary for weighing the prudence of continuing to construct Vogtle reactors.” On the contrary, the Stipulation protects ratepayers by preserving issues and keeping the burden of proof on the prudence and reasonableness of the cost increases on the Company. Stipulation, Paragraph 3, 4 and 7. In addition, Nuclear Watch South complains that the Stipulation “was a closed agreement between the company and the PSC staff. No other parties
were allowed, or even aware, of these negotiations. This gives the appearance of a collusive and unhealthy relationship between the regulated, and those responsible for regulating them." Pre-filed testimony of Steven C. Prenovitz, p. 27. As the Procedural and Scheduling Order issued in that matter made clear, PIA Staff is authorized to enter into Stipulations just like any other party to this proceeding. Similarly, Nuclear Watch South was free to discuss possible Stipulations with any party it desired. More importantly, the proposed Stipulation was simply a recommendation by two parties to the case. The decision in the case remains the province of the Commission itself and the Commission's process allowed all intervenors the opportunity to cross-examine PIA Staff on the Stipulation and it allowed all intervenors the opportunity to present their own testimony on the Stipulation, on alternatives to the Stipulation, and on all other issues in this proceeding, resulting in an open and fair hearing process.

*  *  *  *  *  *

WHEREFORE IT IS ORDERED that the Commission hereby adopts as an Order of this Commission, the Stipulation executed on behalf of the PIA Staff and Georgia Power Company, which Stipulation is attached hereto as Attachment A and incorporated herein by reference.

ORDERED FURTHER, that consideration of Georgia Power's request to amend the certificate, and any further requests to increase the certified cost, should be held in abeyance until the completion of Vogtle Unit 3.

ORDERED FURTHER, that PIA Staff need not file testimony on the issues raised by the Company's application to amend the Certificate, or on the issues raised in any future amendment request, until the completion of Vogtle Unit 3.

ORDERED FURTHER, that for purposes of interpreting the "180 day rule" in OCGA 46-3A-7, the Company's request for an amendment to the Certificate which was filed on February 28, 2013, as well as any further requests to increase the certified cost, shall be deemed withdrawn and deemed re-filed whenever the issues it presents are considered by the parties to be ripe for consideration.

ORDERED FURTHER, that Commission Rule 515-3-4-.08(b) shall be waived for the duration of the VCM monitoring period and the Company shall withdraw its pending request to amend the Certificate. The costs of the Vogtle Units 3 and 4 project shall be monitored against the first amended Certificate ($6.113 billion) during the semi-annual VCM processes as set out in the Certification Stipulation. As provided in OCGA 46-3A-7(a) costs in excess of the certified amount shall not be allowed in rate base unless they are shown by the Company to have been reasonable and prudent.
ORDERED FURTHER, that Georgia Power Company will combine the VCM 9 and VCM 10 filing into a single filing, which will cover the period from January 1, 2013 through December 31, 2013. The Company will submit the filing on or before February 28, 2014. In lieu of a formal VCM 9 filing, the Company will file on or before September 3, 2013 an abbreviated update on the status of the project and the expenses incurred on the project during the period from January 1, 2013 through June 30, 2013.

ORDERED FURTHER, that in order to preserve issues that could be raised by Staff in VCM 8 or in subsequent VCM periods, if the Commission subsequently makes a finding of fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct in the Vogtle Unit 3 and 4 construction, the Commission has the authority to disallow associated financing costs and replacement fuel costs. In the event that such financing costs or replacement fuel costs have already been recovered by the Company from customers, the Company shall credit such costs back to the benefit of customers in a manner to be determined by the Commission.

ORDERED FURTHER, that to the extent that this Stipulation is inconsistent with the Certification Stipulation entered into in March 2009 (as it would affect the filing requirement for VCM 9) or the stipulation entered into on July 15, 2011 (addressing Risk Sharing Mechanisms), this Stipulation will govern. Otherwise, those stipulations will remain in full force and effect.

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 Administrative Session on the 3rd day of September, 2013

REECE MCALISTER
EXECUTIVE SECRETARY

10-1-13
DATE

CHUCK EATON
CHAIRMAN

10/8/13
DATE
BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re:

Review of Proposed Revisions and Verification of Expenditures Pursuant to Georgia Power Company’s Certificate of Public Convenience and Necessity for Plant Vogtle Units 3 and 4 Eighth Semi-Annual Construction Monitoring Report

Docket No. 29849

Stipulation


The Public Interest Advocacy Staff (“PIA Staff”) and Georgia Power Company (the “Company”) agree as follows:

1. The Public Interest Advocacy Staff (“PIA Staff”) and Georgia Power Company (the “Company”) recognize that the Company has requested an amendment to the current Vogtle 3 & 4 Certificate of Public Convenience and Necessity (the “Certificate”) to reflect an updated forecast of the schedule and cost to complete. The Company made this request pursuant to Commission Rule 515-3-4-.08(b), which requires the Company to request an amendment to the Certificate when the Company’s current cost estimate exceeds the cost estimate in the approved Certificate by five percent. The Company has also requested that the Commission verify and approve the Company’s investments in Vogtle 3 and 4 from July 1 through December 31, 2012.

2. The PIA Staff and the Company further recognize that many of the issues presented by the Company’s proposed amendment are also subject to, or may be subject to, claims by the Contractors and the pending litigation between the Owners and the Contractors. The PIA Staff and the Company acknowledge that the cost and schedule impacts of several identified Company decisions and actions may not be fully ascertainable until subsequent events unfold. Moreover, some decisions and actions are ongoing in nature and can span multiple reporting periods. Also, the budgeted costs to be reviewed in
considering whether to amend to certificate are forecasted costs, which will be reviewed during subsequent VCM proceedings when and if they become actual expenditures. For these reasons, the PIA Staff and the Company agree that the request to amend the Certificate is not ripe for consideration.

3. The PIA Staff and the Company jointly agree that consideration of the request to amend the certificate, and any further requests to increase the certified cost, should be held in abeyance until the completion of Vogtle 3. The PIA Staff and the Company specifically agree that the PIA Staff need not file testimony on the issues raised by the Company's application to amend the certificate, or on the issues raised in any future amendment request, until the completion of Vogtle 3. The Company specifically agrees that for purposes of interpreting the "180 day rule" in OCGA 46-3A-7, the Company's request for an amendment to the certificate which was filed on February 28, 2013, as well as any further requests to increase the certified cost, shall be deemed withdrawn and deemed re-filed whenever the issues it presents are considered by the parties to be ripe for consideration.

4. Commission Rule 515-3-4-.08(b) should be waived for the duration of the VCM monitoring period and the Company should withdraw its pending request to amend the certificate. The costs of the Vogtle project should be monitored against the first amended certificate ($6.113 billion) during the semiannual VCM processes as set out in the original stipulation supporting the original certification. As provided in OCGA 46-3A-7(a) costs in excess of the certified amount shall not be allowed in rate base unless they are shown by the Company to have been reasonable and prudent.

5. The PIA Staff and the Company also recognize that the period for reviewing VCM 8 and for the Commission's decision on VCM 8 have both been extended by agreement of the parties past the date on which the VCM 9 report is to be filed. The Commission's simultaneous consideration of two VCM filings does not promote administrative efficiency and could complicate the regulatory framework in which the Commission considers the Company's requests related to Vogtle 3 and 4.

6. For that reason, the Company will combine the VCM 9 and VCM 10 filing into a single filing, which will cover the period from January 1 through December 31, 2013. The Company will submit the filing on or before February 28, 2014. In lieu of a formal VCM 9 filing, the Company will file on or before September 3, 2013 an abbreviated update on the status of the project and the expenses incurred on the project during the period from January 1, 2013 through June 30, 2013.

7. In order to preserve issues that could be raised by Staff in VCM 8 or in subsequent VCM periods, the Company agrees that, if the Commission subsequently makes a finding of fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct in the Vogtle construction, the
Commission has the authority to disallow associated financing costs and replacement fuel costs. In the event that such financing costs or replacement fuel costs have already been recovered by the Company from customers, the Company shall credit such costs back to the benefit of customers in a manner to be determined by the Commission.

8. To the extent that this Stipulation is inconsistent with the Company and PIA Staff's stipulation at Certification entered into in March 2009 (as it would affect the filing requirement for VCM 9) or the stipulation entered into on July 15, 2011 (addressing Risk Sharing Mechanisms), this Stipulation will govern. Otherwise, those Stipulations will remain in full force and effect.

Agreed to this 30th day of July 2013.

On behalf of the Georgia Public Service Commission
Public Interest Advocacy Staff

On behalf of Georgia Power Company
BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

In the Matter of

Review of Proposed Revisions and Verification of Expenditures Pursuant to Georgia Power Company's Certificate of Public Convenience and Necessity for Plant Vogtle Units 3 and 4, Eighth Semi-Annual Construction Monitoring Report, and Request to Amend Certificate

Docket No. 29849

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Order Adopting Stipulation in the above-referenced docket was filed with the Commission's Executive Secretary, and a copy of same was served upon all parties and persons listed below via hand-delivery where indicated by an asterisk, or by depositing same in the United States mail with sufficient postage thereon to insure delivery and addressed as follows:

Reece McAlister*
Executive Secretary
Georgia Public Service Comm.
244 Washington Street, SW
Atlanta, GA 30334

Kevin Queen
Manager, Regulatory Affairs
Georgia Power Company
Bin 10230
241 Ralph McGill Boulevard, NE
Atlanta, GA 30308-3374

Kevin Greene, Esq.
Troutman Sanders
NationsBank Plaza
600 Peachtree Street, NE
Suite 5200
Atlanta, GA 30308

Randall D. Quintrell, Esq.
Randall D. Quintrell, P.C.
999 Peachtree Street, NE
Atlanta, GA 30309

Jim Clarkson
Resource Supply Management
1370 Walcora Drive
Sumter, SC 29150

Jeffry C. Pollock
J. Pollock, Inc.
12655 Olive Blvd, Suite 335
St. Louis, Missouri 63141

R. L. Bowen, III
Charles B. Jones, III
Georgia Traditional Manufacturers Association
The Hurt Building
50 Hurt Plaza, Suite 985
Atlanta, Georgia 30303

Jeffrey Stair*
Public Interest Advocacy
Staff Attorney
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334

Robert B. Baker
Freeman Mathis & Gary, LLP
100 Galleria Parkway
Suite 1600
Atlanta, GA 30339

Larry Sanders
490 Marietta St., NW
Unit 304
Atlanta, GA 30313

Elena C. Parent
Georgia Watch
55 Marietta Street, NW
Suite 903
Atlanta, GA 30303

Glenn Carroll, Coordinator
Nuclear Watch South
P.O. Box 8574
Atlanta, GA 31106

Liz Coyle
Georgia Watch
55 Marietta Street, NW
Suite 903
Atlanta, GA 30303

So certified, this 9th day of October, 2013.

Nancy Gibson
Staff Attorney