BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
STATE OF GEORGIA

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, Fourteenth Semi-annual Construction Monitoring Report

Docket No. 29849

DIRECT TESTIMONY AND EXHIBIT OF GLENN CARROLL ON BEHALF OF NUCLEAR WATCH SOUTH

I. INTRODUCTION

Q. Please state your name, profession, and business location.
A. My name is Glenn Carroll. I am coordinator of Nuclear Watch South. My business address is P.O. Box 8574, Atlanta, Georgia 31106.

Q. Ms. Carroll, please summarize your educational and professional experience.
A. I am coordinator of Nuclear Watch South and have 29 years experience with nuclear issues. My resume was submitted to the public record in the 12th Vogtle Construction Monitoring Review (VCMR). Besides experience with multiple pro se legal interventions before the U.S. Nuclear Regulatory Commission's Atomic Safety & Licensing Board, I provided testimony before the Georgia Pubic Service Commission in the 12th VCMR. I am a veteran eyewitness to the Vogtle I & II prudency hearings and 1987 and 1988 rate cases. The information I present is publicly available information which is accessible and understandable to all Georgia citizens.

Q. On whose behalf are you testifying in the 14th Semi-Annual Vogtle Construction Review?
A. Georgia members of grassroots consumer group Nuclear Watch South.

Q. What are the issues in this case?
A. To examine, in accordance with O.C.G.A. § 46-3A-7(b), the ongoing necessity and public convenience of expanding Georgia Power's electric generating capacity, especially with respect to continuing to construct unneeded power supply at Vogtle. To consider Georgia Power's request to recover $160 million expenditures on Vogtle 3 & 4 construction for the period of July 1, 2015-December 31, 2015 in accordance with O.C.G.A. § 46-3A-7.

Q. What is the purpose of your testimony?
A. To present factual evidence showing that Plant Vogtle expansion fails the necessity test and to support Commission action to revoke certification of Vogtle 3 & 4 construction in accordance with its legal authority to provide Georgia electricity customers safe, reliable and reasonably priced electric services.

Q. What information sources do you rely upon in your testimony?
A. Georgia Power data obtained from Georgia Power 2005-2015 annual reports, Official Code of Georgia Annotated and the stipulation adopted with the 8th VCM.

II. THE PUBLIC SERVICE COMMISSION HAS THE MANDATE, THE MISSION AND THE AUTHORITY TO REVOKE CERTIFICATION OF EXCESS CAPACITY

Q. What is the authority and responsibility of the Georgia PSC in regulating the Vogtle expansion project?
A. Georgia Public Service Commission’s website states: “The mission of the Georgia Public Service Commission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, electric and natural gas services from financially viable and technically competent companies.”
State of Georgia Rules and Regulations (515-2-1-.01) says:

Every member of the Commission will, in all cases, reserve his opinion and in no way commit himself in advance touching the merits of any matter or question to be passed upon by the Commission or that should be dealt with by it, until the facts and evidence are all submitted and the Commission considers the same in administrative session. In determining findings of fact or in its deliberations, the Commission will hold no presumption in favor of the position of any party, including the Public Interest Advocacy Staff, and shall only give weight and credit to any party in the case as can be supported by credible evidence in the record. Rule 515-2-1-.01 "Opinions of Commissioners"

Georgia Code O.C.G.A. § 46-3A-6 "Reexamination of a certificate of public convenience and necessity; modification or revocation" states that "Upon ... its own motion, the commission may reexamine any certificate ... to determine whether ... future requirements require the modification of the construction ... or expenditure for a certificated capacity resource."¹

Taken together, the three statutes quoted from Georgia law give the PSC the responsibility to ensure Georgia consumers reliable electricity at reasonable rates, the mandate to weigh all the evidence before issuing an opinion, and the authority to revoke the certificate of a resource that does not meet the necessity test.

¹ Georgia Code O.C.G.A. § 46-3A-6: Upon application of a utility or upon its own motion, the commission may reexamine any certificate granted under this chapter to determine whether new forecasts of future requirements require the modification of the construction, purchase, sale, or expenditure for a certificated capacity resource. If upon such reexamination the commission finds that the certificated capacity resource is no longer needed or that any additional certificated capacity resource is needed to assure a reliable supply of electric power and energy for the utility’s Georgia retail customers, the commission may modify or revoke the certificate. If the utility cancels, abandons, or increases some or all of the capacity resource as a result of such modification or revocation of the certificate, it may recover through any rate-making vehicle over a reasonable period of time, absent fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct, the amount of its investment in such capacity resource, along with the cost of carrying the unamortized portion of that investment, net of actual salvage value, to the extent such investment is verified as made pursuant to the certificate. The commission shall disallow such investment and costs resulting from fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct. [emphasis added]
As shown in Section IV, Georgia Power consistently presents a large percentage of unused existing capacity while experiencing flat market conditions. Vogtle 3 & 4 are simply not needed. Furthermore, Georgia Power is enjoying an average 5.4% annual net income increase amidst slack sales even as the Vogtle project has fallen badly behind schedule and gone more than $2 billion over budget. Indeed, last year alone, Georgia Power posted a profit of 15.4%. It is not fair for Georgia citizens to enrich Georgia Power's shareholders for a mismanaged construction project, a project that is not even needed.

Nuclear Watch South urgently calls upon the Commission to exercise the responsibility and authority vested in it by Georgia O.C.G.A. § 46-3A-6 to revoke Vogtle certification. The PSC needs to act immediately as the Vogtle expansion project falls behind at the rate of almost a day for every single day it is under construction, and the sunk costs mount by millions of dollars each month, costs which the public, not Georgia Power, has been forced to pay.

III. GEORGIA POWER SHOULD BE REIMBURSED $160 MILLION IN ACCORDANCE WITH 8TH VCM STIPULATION

Q. Should the PSC reimburse Georgia Power for $160 million expenditures in the reporting period?
A. Since the PSC has not yet decertified the unneeded reactors under construction at Vogtle 3 & 4, it is obligated by its own order adopting the stipulation in the 8th VCM to reimburse Georgia Power's construction costs since they have not yet exceeded the $4.4 billion approved capital cost for Vogtle 3 & 4.
IV. VOGTLE 3 & 4 FAIL NECESSITY TEST AND SHOULD BE DECERTIFIED

Q. Please explain the updated chart titled Georgia Power Key Financial & Operating Data (Exhibit #1)

A. The updated chart consists of eleven (11) years of Georgia Power annual report data for the period 2005-2015. The chart has been updated since the 13th VCM to include data from 2015. The data clearly show deepening trends indicating Vogtle 3 & 4 are not needed.

Line 3 of Exhibit #1 shows that Georgia Power's sales volume has declined by over 1% for the period 2005-2015 as highlighted in the following graph "Georgia Power Sales Volume 2005-2015."

![Georgia Power Sales Volume 2005-2015](chart.png)

Line 6 of Exhibit #1 shows Georgia Power's capacity utilization has declined from 71% to 65% for the same period as illustrated in the following graph "Georgia Power Capacity Utilization 2005-2015." Georgia Power's capacity utilization remains well below the national average of 83% despite its improved annual average following closure of 2,000Mw of coal plants in 2015.

**Georgia Power Capacity Utilization 2005-2015**

Vogtle 3 & 4 were certified based on Georgia Power forecasts of 4.1% annual growth which has not happened, as shown by Georgia Power's own data. Georgia Power's 2009 application for Vogtle 3 & 4 asserted new power generation would be required by 2016 and yet 2016 finds Georgia Power's sales to be essentially the same as in 2009. Indeed, population growth forecasts made by Georgia Power have proved more accurate than forecasts about demand, as, according to the U.S. Census, the population of Georgia has
grown by 1,200,000 (12.5%) since 2005. For whatever reason, despite the growth in
Georgia Power's customer base, commensurate growth in electricity demand has been
lacking. Additional electrical power from Vogtle expansion is simply not needed.

Q. What does the chart show about Georgia Power's profits?
A. Line 2 of Exhibit #1 shows that Georgia Power's profits have increased almost 70%
in the 10 year period 2005-2015. For the same period, overall electricity sales fell more
than 1% (line 3, exhibit #1). Georgia Power's profit increase trend is illustrated in the
following graph "Georgia Power Profits 2005-2015."

Notably, Georgia Power profits jumped by 20.5% with the beginning of collection of
the Construction Work in Progress (CWIP) tariff AKA Nuclear Construction Cost
Recovery (NCCR) in 2011 and the CWIP years 2011-2015 stand out for posting
consistent $1 billion plus annual profits.
Georgia citizens did not fare as well as Georgia Power which profited also from raising the price of electricity for Georgia Power's residential customers by more than 16% between 2010 to 2015 as shown on Line 4, Exhibit #1.

Neither Georgia Power, the Public Interest Advocacy staff nor the PSC have refuted Nuclear Watch South's basis for asserting that Vogtle 3&4 are not needed, namely the picture drawn by Georgia Power's own performance data. In an unregulated market, Georgia Power's profits would be linked to its performance. It is only through the PSC's failure to revoke Vogtle 3 & 4 certification that Georgia Power continues to post such large profits for its shareholders at the expense of the Georgia ratepaying public.

V. GEORGIA RATEPAYERS WOULD RECEIVE MORE BENEFIT FROM CANCELING THAN COMPLETING VOGTLE 3&4 CONSTRUCTION

Q. Would it be more beneficial for Georgia Power customers to finish Plant Vogtle 3&4 or to cancel construction?

A. It would be cheaper to cancel, than to complete, construction given that Plant Vogtle 3&4 are not needed. Georgia Power testified in the current 14th VCMR that Vogtle expansion is still only 31% finished. Georgia Power and its partners have spent almost $6 billion on Vogtle so far (and as has been well publicized, are $2 billion over budget and three years behind schedule). The cost of the completed project is roughly $18 billion at present. The cost to cancel the construction project would be far less than the $12 billion left to be spent.

Georgia Power is protected from financial risk from cancelling Vogtle expansion by the Georgia Code O.C.G.A. § 46-3A-6 which allows Georgia Power to recover the cost of shutting down the unneeded power plant construction. (see footnote on p. 3)
Vogtle 3 & 4 would add only 6% to Georgia Power's capacity, capacity that it does not need. Yet the cost of Vogtle 3 & 4 construction would exceed the entire worth of Georgia Power.

With the $12 billion saved from stopping Plant Vogtle construction, more than twice the amount already sunk into unneeded nuclear capacity, Georgia Power can more rapidly deploy distributed renewable generating capacity as needed to transition away from coal. Constructing 21st-century clean, renewable energy, such as rooftop solar on new business and residential construction, will create thousands of jobs in smart grid transmission infrastructure, supply manufacturing and installation. The Georgia Public Service Commission can help Georgia Power lead the way in the national effort to remove carbon from our energy supply. Georgia Power's profits may be controlled by the PSC through rate design.

Conversely, if Georgia Power is allowed to continue constructing unneeded power supply at the expense of Georgia residential and small business electricity customers, those customers will be harmed. Further failure by the PSC to protect the Georgia public from the exploitation by the powerful, profit-driven electric monopoly which it regulates qualifies as negligence and abuse of power.

VI. CONCLUSIONS & RECOMMENDATIONS

Q. Please summarize your conclusions & recommendations for the Commission.

A. The foregoing information shows clearly that Vogtle 3 & 4 should be decertified. No blame can be assigned for decisions to certify and fund Vogtle 3 & 4 construction prior to 2010, but now that the performance indicators show clearly that Georgia Power's forecast was wrong it incumbent upon the PSC to move rapidly to stem the flow of cash from Georgia Power's captive rate base to Georgia Power's shareholders.

Nuclear Watch South calls urgently upon the Commission to exercise the responsibility
and authority vested in it by Georgia O.C.G.A. § 46-3A-6 to revoke Vogtle certification. The PSC needs to act immediately as the Vogtle expansion project falls behind at the rate of almost a day for every single day it is under construction, and the sunk costs mount by millions of dollars each month, costs which the public, not Georgia Power, has been, and will continue to be, forced to pay.

- The Georgia Public Service Commission's (PSC) mission is to "exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced ... electric service."
- The PSC has the authority to cancel Vogtle 3&4 reactors at any time if the certified capacity is no longer needed.
- Georgia Power annual report data reveals that the company is overbuilt in a shrinking, shifting market and no longer needs the power from Vogtle 3&4.
- The Georgia Public Service Commission should revoke certification for Vogtle 3 & 4 as authorized by Georgia O.C.G.A. § 46-3A-6 in order to protect Georgia electricity customers from further investment in an unneeded power source.
- Georgia citizens are paying an unprecedented nuclear tariff for Vogtle construction which is resulting in unprecedented profit increases for Georgia Power.
- The greatest benefit to the Georgia public since Vogtle 3 & 4 no longer meet the necessity test is for the Commission to immediately revoke certification and stop billing Georgia electric customers.

Q. Ms. Carroll, does this conclude your testimony?
A. Yes.