

**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) **Docket No. 29849**
Certificate of Public Convenience and)
Necessity for Plant Vogtle Units 3 and 4,)
Fourteenth Semi-annual Construction)
Monitoring Report)

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

I. INTRODUCTION

1 **Q. Please state your name, profession, and business location.**

2 A. My name is Glenn Carroll. I am coordinator of Nuclear Watch South. My business
3 address is P.O. Box 8574, Atlanta, Georgia 31106.

5 **Q. Ms. Carroll, please summarize your educational and professional experience.**

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

15 **Q. On whose behalf are you testifying in the 14th Semi-Annual Vogtle
16 Construction Review?**

1 A. Georgia members of grassroots consumer group Nuclear Watch South.

2

3 **Q. What are the issues in this case?**

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

10

11 **Q. What is the purpose of your testimony?**

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

16

17 **Q. What information sources do you rely upon in your testimony?**

18 A. Georgia Power data obtained from Georgia Power 2005-2015 annual reports,
19 Official Code of Georgia Annotated and the stipulation adopted with the 8th VCM.

20

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

24

25 **Q. What is the authority and responsibility of the Georgia PSC in regulating the**
26 **Vogtle expansion project?**

27 A. Georgia Public Service Commission's website states: "The mission of the Georgia
28 Public Service Commission is to exercise its authority and influence to ensure that
29 consumers receive safe, reliable and reasonably priced telecommunications, electric and
30 natural gas services from financially viable and technically competent companies."

1 State of Georgia Rules and Regulations (515-2-1-.01) says:

2 Every member of the Commission will, in all cases, reserve his opinion and in
3 no way commit himself in advance touching the merits of any matter or question
4 to be passed upon by the Commission or that should be dealt with by it, until the
5 facts and evidence are all submitted and the Commission considers the same in
6 administrative session. In determining findings of fact or in its deliberations, the
7 Commission will hold no presumption in favor of the position of any party,
8 including the Public Interest Advocacy Staff, and shall only give weight and
9 credit to any party in the case as can be supported by credible evidence in the
10 record. *Rule 515-2-1-.01 "Opinions of Commissioners"*
11

12 Georgia Code O.C.G.A. § 46-3A-6 “Reexamination of a certificate of public
13 convenience and necessity; modification or revocation” states that "Upon ... its own
14 motion, the commission may reexamine any certificate ... to determine whether ... future
15 requirements require the modification of the construction ... or expenditure for a
16 certificated capacity resource."¹
17

18 Taken together, the three statutes quoted from Georgia law give the PSC the
19 responsibility to ensure Georgia consumers reliable electricity at reasonable rates, the
20 mandate to weigh all the evidence before issuing an opinion, and the authority to revoke
21 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]*

1 As shown in Section IV, Georgia Power consistently presents a large percentage of
2 unused existing capacity while experiencing flat market conditions. Vogtle 3 & 4 are
3 simply not needed. Furthermore, Georgia Power is enjoying an average 5.4% annual net
4 income increase amidst slack sales even as the Vogtle project has fallen badly behind
5 schedule and gone more than \$2 billion over budget. Indeed, last year alone, Georgia
6 Power posted a profit of 15.4%. It is not fair for Georgia citizens to enrich Georgia
7 Power's shareholders for a mismanaged construction project, a project that is not even
8 needed.

9

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

16

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

19

20 **Q. Should the PSC reimburse Georgia Power for \$160 million expenditures in the**
21 **reporting period?**

22 A. Since the PSC has not yet decertified the unneeded reactors under construction at
23 Vogtle 3 & 4, it is obligated by its own order adopting the stipulation in the 8th VCM to
24 reimburse Georgia Power's construction costs since they have not yet exceeded the \$4.4
25 billion approved capital cost for Vogtle 3 & 4.

26

27

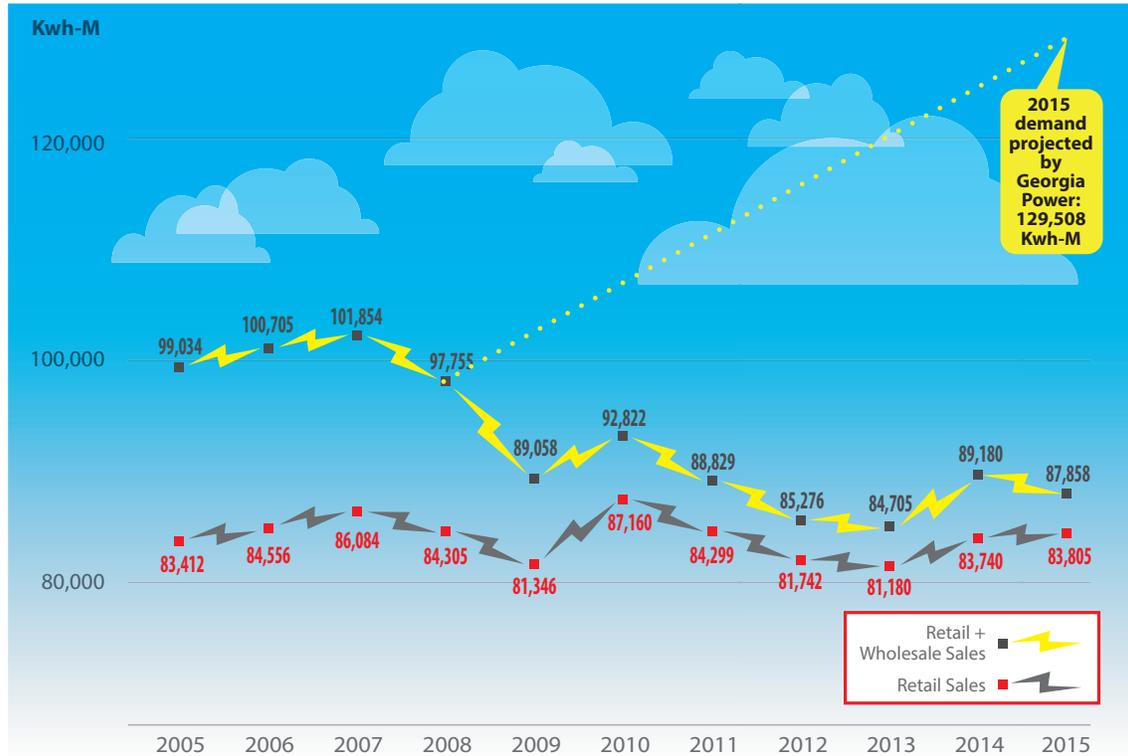
1 **IV. VOGTLE 3 & 4 FAIL NECESSITY TEST AND SHOULD BE**
2 **DECERTIFIED**

3
4 **Q. Please explain the updated chart titled Georgia Power Key Financial &**
5 **Operating Data (Exhibit #1)**

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

10
11 Line 3 of Exhibit #1 shows that Georgia Power's sales volume has declined by over 1%
12 for the period 2005-2015 as highlighted in the following graph "Georgia Power Sales
13 Volume 2005-2015."

Georgia Power Sales Volume 2005-2015



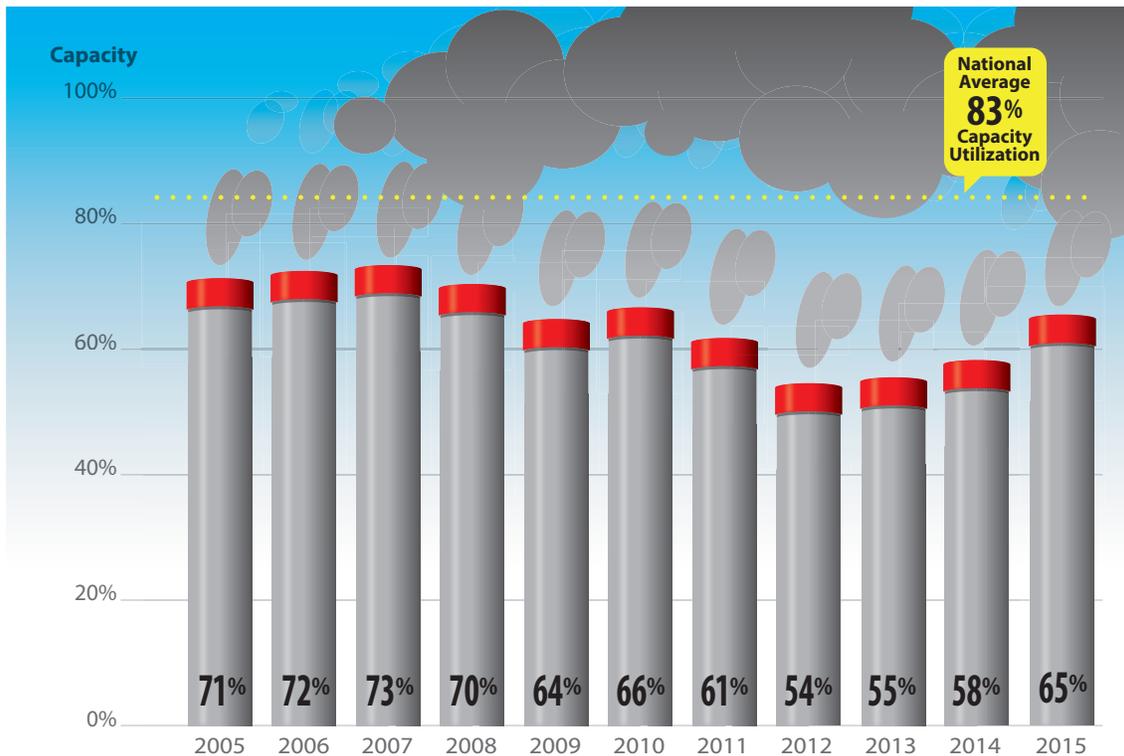
Source: Georgia Power Company annual reports 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015

Chart: © 2016 Nuclear Watch South, www.nuclearwatchsouth.org

14

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

Georgia Power Capacity Utilization 2005-2015



Source: Georgia Power Company annual reports 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015

Chart: © 2016 Nuclear Watch South, www.nuclearwatchsouth.org

7
8

9 Vogtle 3 & 4 were certified based on Georgia Power forecasts of 4.1% annual growth
10 which has not happened, as shown by Georgia Power's own data. Georgia Power's 2009
11 application for Vogtle 3 & 4 asserted new power generation would be required by 2016
12 and yet 2016 finds Georgia Power's sales to be essentially the same as in 2009. Indeed,
13 population growth forecasts made by Georgia Power have proved more accurate than
14 forecasts about demand, as, according to the U.S. Census, the population of Georgia has

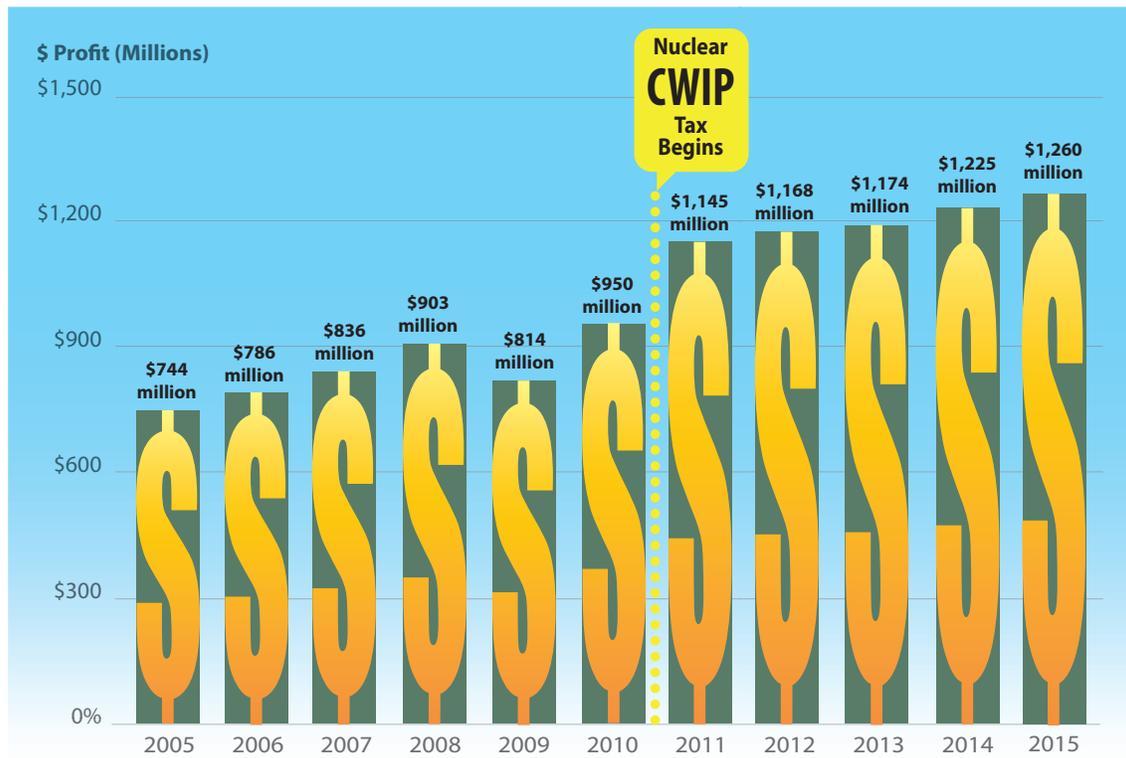
1 grown by 1,200,000 (12.5%) since 2005. For whatever reason, despite the growth in
2 Georgia Power's customer base, commensurate growth in electricity demand has been
3 lacking. Additional electrical power from Vogtle expansion is simply not needed.

4

5 **Q. What does the chart show about Georgia Power's profits?**

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

Georgia Power Profits 2005-2015



10

Source: Georgia Power Company annual reports 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015

Chart: © 2016 Nuclear Watch South, www.nuclearwatchsouth.org

11

12 Notably, Georgia Power profits jumped by 20.5% with the beginning of collection of
13 the Construction Work in Progress (CWIP) tariff AKA Nuclear Construction Cost
14 Recovery (NCCR) in 2011 and the CWIP years 2011-2015 stand out for posting
15 consistent \$1 billion plus annual profits.

1 Georgia citizens did not fare as well as Georgia Power which profited also from raising
2 the price of electricity for Georgia Power's residential customers by more than 16%
3 between 2010 to 2015 as shown on Line 4, Exhibit #1.

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

11
12 **V. GEORGIA RATEPAYERS WOULD RECEIVE MORE BENEFIT FROM**
13 **CANCELLING THAN COMPLETING VOGTLE 3&4 CONSTRUCTION**

14
15 **Q. Would it be more beneficial for Georgia Power customers to finish Plant Vogtle**
16 **3&4 or to cancel construction?**

17 A. It would be cheaper to cancel, than to complete, construction given that Plant Vogtle
18 3&4 are not needed. Georgia Power testified in the current 14th VCMR that Vogtle
19 expansion is still only 31% finished. Georgia Power and its partners have spent almost
20 \$6 billion on Vogtle so far (and as has been well publicized, are \$2 billion over budget
21 and three years behind schedule). The cost of the completed project is roughly \$18
22 billion at present. The cost to cancel the construction project would be far less than the
23 \$12 billion left to be spent.

24
25 Georgia Power is protected from financial risk from cancelling Vogtle expansion by the
26 Georgia Code O.C.G.A. § 46-3A-6 which allows Georgia Power to recover the cost of
27 shutting down the unneeded power plant construction. (*see footnote on p. 3*)

1 Vogtle 3 & 4 would add only 6% to Georgia Power's capacity, capacity that it does not
2 need. Yet the cost of Vogtle 3 & 4 construction would exceed the entire worth of
3 Georgia Power.

4
5 With the \$12 billion saved from stopping Plant Vogtle construction, more than twice the
6 amount already sunk into unneeded nuclear capacity, Georgia Power can more rapidly
7 deploy distributed renewable generating capacity as needed to transition away from
8 coal. Constructing 21st-century clean, renewable energy, such as rooftop solar on new
9 business and residential construction, will create thousands of jobs in smart grid
10 transmission infrastructure, supply manufacturing and installation. The Georgia Public
11 Service Commission can help Georgia Power lead the way in the national effort to
12 remove carbon from our energy supply. Georgia Power's profits may be controlled by
13 the PSC through rate design.

14
15 Conversely, if Georgia Power is allowed to continue constructing unneeded power
16 supply at the expense of Georgia residential and small business electricity customers,
17 those customers will be harmed. Further failure by the PSC to protect the Georgia
18 public from the exploitation by the powerful, profit-driven electric monopoly which it
19 regulates qualifies as negligence and abuse of power.

20

21 **VI. CONCLUSIONS & RECOMMENDATIONS**

22

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

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

29

30 Nuclear Watch South calls urgently upon the Commission to exercise the responsibility

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

6

- 7 • The Georgia Public Service Commission's (PSC) mission is to "exercise its
8 authority and influence to ensure that consumers receive safe, reliable and
9 reasonably priced ... electric service."
- 10 • The PSC has the authority to cancel Vogtle 3&4 reactors at any time if the
11 certified capacity is no longer needed.
- 12 • Georgia Power annual report data reveals that the company is overbuilt in a
13 shrinking, shifting market and no longer needs the power from Vogtle 3&4.
- 14 • The Georgia Public Service Commission should revoke certification for Vogtle
15 3 & 4 as authorized by Georgia O.C.G.A. § 46-3A-6 in order to protect Georgia
16 electricity customers from further investment in an unneeded power source.
- 17 • Georgia citizens are paying an unprecedented nuclear tariff for Vogtle
18 construction which is resulting in unprecedented profit increases for Georgia
19 Power.
- 20 • The greatest benefit to the Georgia public since Vogtle 3 & 4 no longer meet the
21 necessity test is for the Commission to immediately revoke certification and stop
22 billing Georgia electric customers.

23

24 **Q. Ms. Carroll, does this conclude your testimony?**

25 A. Yes.