

## Georgia Power says new reactors will be cheaper, but electricity will be delayed

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By [Walter C. Jones](#)

ATLANTA - Georgia Power Co. executives told the Public Service Commission Wednesday that the cost of financing two new reactors at Plant Vogtle is dropping another \$1 billion, but the first electricity from them will come eight months later than planned.

Their comments came in testimony during the commission's semi-annual cost review.

While construction costs have only fluctuated about \$28 million from the original estimate, the financing expense is now nearly \$2 billion lower, thanks to several factors.

Kyle Leach, director of resource planning for the giant utility, credits lower interest rates in bond sales last week and in March with the latest savings to power customers. Earlier, the company announced the initial savings figure attributed to federal loan guarantees, inflation-protection agreements and a controversial law that has customers paying some of the finance charges upfront.

Georgia Power has been selling its bonds to investors 3-4 percentage points lower than what it expected to five years ago when the commission originally approved the project. By the end of the year, most of the financing will be in place, but Leach acknowledged that a spike in interest rates next year could erase some of those savings.

At the same time, the cost of constructing the reactors could go up. That depends on negotiations between Georgia Power and its construction company over who's to blame for \$400 million in changes to the blueprints, including installation of steel-reinforcement rebar in the concrete different from what was specified.

"Those negotiations have been more protracted than we anticipated," Leach said.

If the contractor persuades Georgia Power to pay some of those costs, the company would have to seek permission from the commission before it can pass them on to its customers. Similar cost overruns from the construction of Vogtle's first two reactors in the 1980s were split between customers and Georgia Power shareholders when the commission required the company to absorb some of them.

The new reactors will be late generating power and earning their keep, Georgia Power's construction vice president David McKinney told the commission. The first had been expected in April 2016, and the other April 2017.

"We do not believe that the April dates are achievable," he said.

One reason is the Nuclear Regulatory Commission issued the company's license to proceed five months later than expected, but other factors include quality-control snags with the contractor building the containment vessels. McKinney said Georgia Power's inspectors believe the quality is actually high but that the paperwork got behind.

The massive reactor project is already one-third complete. It's logged 7.5 million man-hours, the last 4 million without any workers off the job due to injuries.

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