

Initial Deal Announced on Costs of Ga. Nuke Plant

RAY HENRY, Associated Press

ATLANTA (AP) — Southern Co. has agreed to drop its request to raise its construction budget for a nuclear plant in eastern Georgia and will instead seek permission to recover that money as it spends on the massive project, utility CEO Tom Fanning said Wednesday.

If approved, the agreement would raise the financial risk on Southern Co. as it tries to control the costs of building two more nuclear reactors at Plant Vogtle, southeast of Augusta.

Regulators in Georgia review construction spending in six-month intervals and decide whether those costs can be passed along to utility customers. Under the preliminary deal, Southern Co. subsidiary Georgia Power would drop its request to raise the total project budget by \$737 million to a total of \$6.85 billion.

Instead, the utility would only seek approval right now for \$209 million it spent on the project for the six-month period ending in December. Going forward, the utility would seek approval of its costs on a similar schedule.

The agreement allows Southern Co. to avoid publicly disclosing information about construction issues that are the subject of negotiations between the nuclear plant's owners and the firms that designed and are building the reactors. Those firms want Southern Co. and other plant owners to pay more than \$900 million in extra charges stemming mostly from licensing delays. Southern Co. and the other owners deny they are responsible for those charges.

But the change shifts more financial risk onto Southern Co. If spending is below an approved budget, Georgia regulators must legally assume the utility's spending is legally prudent — and, therefore, can be passed along to customers — unless it can be proven otherwise. But if Southern Co. exceeds the construction budget, the burden is on the company to show its spending is allowable.

The deal is still subject to approval by the elected members of Georgia's Public Service Commission. Fanning said a vote is expected in October.

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