



## **Nearly \$1 Billion Vogtle Nuclear Reactor Cost Overrun**

PRESS RELEASE

**Groups: Nearly \$1 Billion Vogtle Nuclear Reactor Cost Overrun Echoes Earlier Warning About “Boondoggle” Project**

*We Told You So: Major Cost Overruns Latest Sign of Vogtle Woes, Including Construction Errors and Raft of Amendments to Federal License*

**WASHINGTON, D.C. – May 11, 2012** – Even though the Vogtle reactor project got its federal license just three months ago, the controversial nuclear reactors are already in trouble. The latest problem: A cost overrun of nearly \$1 billion in 2011 dollars, according to groups that warned in February that the Vogtle expansion effort is a boondoggle that could hurt ratepayers and (depending on the status of a pending Solyndra-style federal loan guarantee) U.S. taxpayers.

Southern Co. publicly acknowledged its share of the cost overrun in a filing this week with the U.S. Securities and Exchange Commission (SEC) at <http://investor.southerncompany.com/secfiling.cfm?filingID=92122-12-76&CIK=092122>. The new admission about problems at Vogtle follow recent reports about grading issues under the reactor’s foundation, improperly installed rebar that has slowed the project, and dozens of amendments requested to the federal license for the two new Vogtle reactors.

Given all of the partners involved in Vogtle project, the cost overrun would break down as follows: Georgia Power (\$400 million); Oglethorpe (\$263 million); MEAG Power (\$199 million); and the City of Dalton (\$14 million). The \$875 million in 2008 dollars would be worth \$913 million in 2011 dollars.

Southern Co.’s SEC filing warns that more cost overruns could be in the works. In its SEC filing, Southern Co. notes on page 139: **“Additional claims by the Consortium and [Georgia Power] (on behalf of the owners) are expected to arise throughout the construction of Vogtle 3 and 4.”** However, no details are provided on how far losses could mount over and above the current nearly \$1 billion cost overrun total.

On February 15, 2012, nine groups — Friends of the Earth, Southern Alliance for Clean Energy, Blue Ridge Environmental Defense League, Center for a Sustainable Coast, Citizens Allied for Safe Energy, Georgia Women’s Action for New Directions, NC WARN, Nuclear Information and Resource Service, and Nuclear Watch South — held a news conference to warn that Southern Company is deliberately keeping ratepayers and U.S. taxpayers in the dark by covering up the details of 12 sizeable construction “change order” requests that are expected to add major delays and cost overruns to the controversial reactor project. See <http://ieer.org/wp/resource/audiovideo/no-more-solyndras>.



Mindy Goldstein, director, Turner Environmental Law Clinic, said: **“In an appeal filed with the DC Circuit Court of Appeals earlier this year, nine environmental groups asked the court to require the Nuclear Regulatory Commission to consider the true cost of constructing and operating Plant Vogtle Units 3 and 4. In its environmental impact statement, the Commission previously concluded that the new nuclear reactors were more cost effective than certain energy alternatives. In light of the design changes that will very likely be required to incorporate lessons learned from the Fukushima Daiichi nuclear disaster, this conclusion must be revisited. And now, knowing that the project is already suffering from a \$900 million cost overrun, an accurate assessment of the costs is even more important.”**

Dr. Arjun Makhijani, president, Institute for Energy and Environmental Research, said: **“Southern Company rushed into this project, as evidenced by the many requests for modifications of the license and early technical difficulties and problems including failure of ‘some details’ of early construction to conform to the Design Control Document, according to Georgia Power’s filing with the Securities and Exchange Commission. Indeed, a part of the cost increase of \$900 million appears to be attributable to overcoming delays and rushing the project again despite construction non-compliance. The cost increase should not be a surprise; rather it is déjà vu all over again. Rushing nuclear power reactors is not prudent and stockholders and/or the vendors, not ratepayers, should bear the burden of such costs. It would be much better if construction were suspended until all design issues were resolved.”**

The groups will continue to press their case today by filing a brief with the U.S. Court of Appeals for the D.C. Circuit.

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