

No More Solyndras: Groups Call On DOE to Force Public Release of Details on Delays and 12 Secret Cost Overruns at Vogtle Reactors

With More than 15 Times the Solyndra Loan Guarantee on the Line, U.S. Taxpayers Being Kept in the Dark About Huge Vogtle Risks; Nine Groups Cite NRC Law Violation in Going to Court to Block Vogtle Licensing.

WASHINGTON, D.C. – February 16, 2012 – If you are a taxpayer who liked the less than half a billion dollar Solyndra federal loan guarantee debacle, you will love the \$8.33 billion loan guarantee to the even riskier Vogtle nuclear reactor project licensed last week by the Nuclear Regulatory Commission (NRC).

Concerned organizations are warning that Southern Company is deliberately keeping 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. The secret cost overruns are discussed in a censored report from late 2011 by the independent Vogtle construction monitor, Dr. William Jacobs, who is a veteran nuclear industry engineer. (See details below.) Much of Jacob’s testimony was redacted by the utility in the attempt to keep the troubling information from the public, including the U.S. taxpayers who will be left holding the bag if Southern Company defaults on the federal loan guarantee.

The groups are calling on the U.S. Department of Energy (DOE) to insist on full disclosure of the Vogtle delays and cost overruns before the federal agency moves ahead with a massive \$8.33 billion taxpayer-backed federal loan guarantee that will be 15 times what was lost in the Solyndra debacle. And Vogtle does have a history that should trouble taxpayers worried about assuming responsibility for the massive loan guarantee: The original two reactors at the Georgia site took almost 15 years to build, came in 1,200 percent over budget and resulted in the largest rate hike at the time in Georgia.

Also today, nine groups went to U.S. Court of Appeals for the District of Columbia Circuit to block the NRC license issued last week for the Vogtle reactors. The groups maintain that the NRC is violating federal law by issuing the Vogtle license without considering important public safety and environmental implications in the wake of the catastrophic Fukushima accident in Japan. They will ask federal judges to order the NRC to prepare a new environmental impact statement (EIS) for the proposed Vogtle reactors that explains how cooling systems for the reactors and spent fuel storage pools will be upgraded to protect against earthquakes, flooding and prolonged loss of electric power to the site.

NRC Chairman Gregory Jaczko dissented against the Vogtle license, expressing concerns about significant changes that will be required based on the crippling Fukushima accident. The lawsuit also challenges the overall Westinghouse reactor design.

The organizations filing the lawsuit today are: Friends of the Earth, the 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, North Carolina Waste Awareness and Reduction Network, Nuclear Information and Resource Service, and Nuclear Watch South. The lawsuit text is available online at <http://www.cleanenergy.org/index.php/Testimony.html>. The Declaration of Arjun Makhijani is available online at http://www.ieer.org/comments/Makhijani_Declaration_Delay_Vogtle_20120216.pdf.

Jim Warren, executive director, NC WARN said: **“U.S. taxpayers need to brace themselves for some bad news if they are put on the hook for any ill-considered ‘investment’ in the Vogtle reactors.**

Taxpayers and Southern Company's customers are sitting ducks for serial cost overruns and soaring power bills unless industry-captive federal and state regulators borrow some independence and make these giant corporations bear the costs of their mistakes with Westinghouse's unproven, untested and unready AP1000 reactor design. DOE owes it to Americans to get all the cost overrun and delay secrets out in the open about Vogtle so that taxpayer and ratepayers know what they are in for."

Commenting on today's court filing, Mindy Goldstein, acting director, Turner Environmental Law Clinic at Emory Law School said: **"The NRC decided to issue a license for Vogtle Units 3 and 4 before it could consider the lessons learned from the Fukushima accident. This is the exact approach the National Environmental Policy Act was designed to prevent. Allowing construction of the new units to continue, without first assessing the implications of the Fukushima accident, could have significant and irreparable environmental and economic consequences."**

Dr. Arjun Makhijani, president, Institute for Energy and Environmental Research said: **"Not only are the costs of retrofits likely to be lower if they are imposed at the start of construction rather than later in the process, but an up-front accounting of the costs allows a comparison with other alternative energy sources. Electricity from natural gas combined cycle power plant is much cheaper than nuclear, for instance. This is a very important consideration in the case of Vogtle."**

Lou Zeller, administrator, Blue Ridge Environmental Defense League said: **"The nuclear disaster in Japan should have put the brakes on new plants in the United States. But an aggressive industry and a compliant NRC seem to have a lead foot, ignoring the danger signs."**

WHAT IS SOUTHERN COMPANY HIDING FROM TAXPAYERS?

In November 2011, Southern Company admitted that the Vogtle the project is facing a five-month delay because of problems with design approval and licensing by the U.S. Nuclear Regulatory Commission.

But Southern Company has gone to great lengths to censor and keep from public view the report of the construction monitor, Dr. William Jacobs. Far from just a five-month delay, Jacobs has warned that the problems at Vogtle go much deeper, that many of the difficulties have persisted despite repeated attempts at resolution, and that various parties are already squabbling over who pays for the many changes.

The censored Jacobs report is available online at http://www.ncwarn.org/wp-content/uploads/2011/12/JacobsTestimony_5VCM_12-02-11.doc.

Highlights of the report include the following passages:

... construction activities at the site are generally progressing well. However, as described in more detail later in this testimony, **the Project faces significant challenges in achieving commercial operation of Unit 3 in April 2016 and of completing the project within the certified cost.**

While it is possible that some of the current delay can be recovered through schedule compression, I pointed out in my prior testimony that **the Consortium has failed to meet many of the schedule milestones to date and this trend has continued.**

... Given the first time nature of the Vogtle 3 and 4 Project, a significantly compressed schedule could result in, among other risks, significant additional cost to staff extra shifts of

construction, support and oversight personnel, inefficiencies due to working additional shifts with lower productivity, congestion and unplanned overlap of construction activities, **additional rework**, and additional regulatory oversight due to increased QA [Quality Assurance] issues.

... the Company continues to face significant challenges in maintaining the Project forecast at or below the certified amount. A possible schedule delay as discussed above would impact the financing cost of the Project. In addition, the Company's forecast does not include many potential change orders that could significantly impact the direct construction cost of the Project.

The Company has made little progress in resolving the potential changes in the six months since my last testimony.

Some of these potential change orders could have a significant impact on the Project cost. The forecast cost provided in the Company's testimony does not include the possible cost impact of these potential change notices. Until the magnitude of the costs associated with these potential change orders and the responsibility for these costs is known, **the forecast cost for the Project is uncertain.**

... The cause for Project delays, the responsibility for the delays and the cost of the delays need to be resolved before all parties can agree on a schedule.

(Emphasis added to the above passages.)

Southern Co. has already commenced construction activities at the Vogtle reactor site, with cost overruns already documented in a manner that should give pause to U.S. taxpayers on the hook for Solyndra-style federal loan guarantees. The Vogtle license would allow Southern to commence construction of the containment, reactor cooling systems, spent fuel storage pools, and other major nuclear plant components. The organizations charge that these major structures could change substantially if they are redesigned to take the lessons of the Fukushima accident into account, and therefore continued construction of the new Vogtle reactors could be wasting money and resources.

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EDITOR'S NOTE: A streaming audio replay of a related news event is available at <http://www.hastingsgroupmedia.com/021612/VogtleCostOverrunsEvent.mp3>.