

Vogtle
units 3&4 Nuclear Development



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Vogtle 3&4 Project Scope

- \$14 billion capital investment in Georgia, largest construction project in state's history
- Will create ~3,500 construction jobs and ~800 permanent new jobs upon COD
- 1100MW each, able to power >500,000 homes
- Co-owners: Oglethorpe Power, Municipal Electric Authority of Georgia, Dalton Utilities
- COD 2016 and 2017, Units 3&4 respectively

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Why Build New Nuclear?

- Nuclear power is cost-competitive and clean
- Provides much-needed fuel diversity
- Safe and secure operations of six units across Southern Company fleet (GA and AL)
- Nuclear power currently provides more than 20% of Georgia's electricity needs

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Georgia Economics

- Georgia's Integrated Resource Plan identified need for new base load generation
 - 4 million new residents by 2030
- Economics on new nuclear competitive with coal and natural gas
 - 60-year life – capital, plus O&M (fuel)
- Georgia PSC approved need and cost-effectiveness of Vogtle 3&4, March 2009

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NRC Regulatory Reforms

- New Licensing Rules enacted in 1989
- Two-step process is now one-step process
 - NRC approves both the construction and the operation with one license called a COL

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China and AP1000

- Four AP-1000s under construction in China
- Southern Nuclear MOU with SDNPC
 - Lessons learned during construction
 - Chinese gain SNC fleet operator expertise
 - SNC gains startup, first cycle of operation and first refueling experience from both AP1000 units at Haiyang.

Georgia Nuclear Energy Financing Act in 2009

- Allows Georgia Power to recover financing costs during the construction of new nuclear units
 - Reduces total projected rate increases for the plant from ~12 percent to ~9 percent.
 - Cuts financing costs \$300 million during the construction period, directly benefiting consumers.
 - Reduces borrowing costs, saving customers as much as \$100 million annually for all company projects, not just nuclear.

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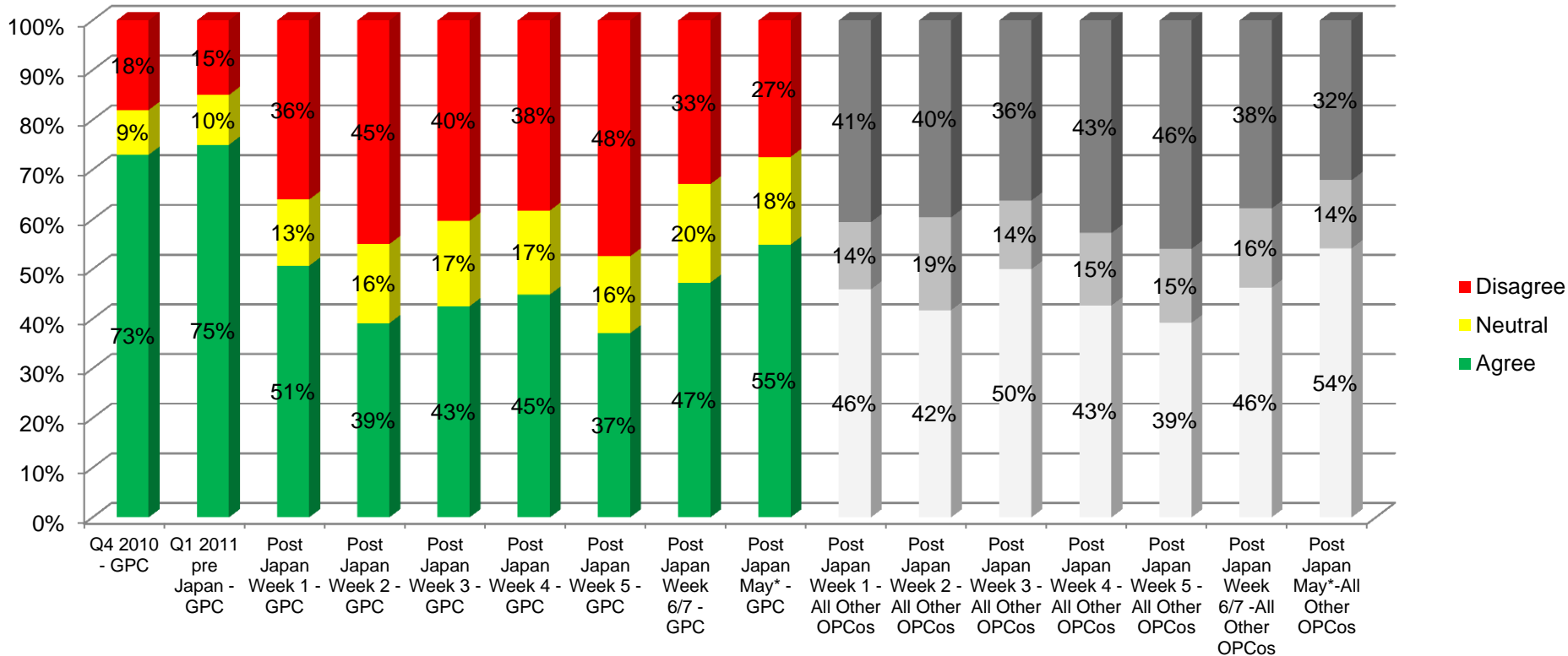
Consumer Protections

- EPC Contract assures risks are shared between designer, builder and owner
- Georgia Law
 - Recovery of prudently incurred costs only
 - Imprudence borne by Company
 - Savings flow to customers, if under budget
 - PSC maintains aggressive oversight with VCM
- Vogtle project is on schedule and on budget

U.S. DOE Loan Guarantees

- Southern Company and its co-owners have received conditional approval for an \$8.3 billion DOE Loan Guarantee
- Loan Guarantees are backed by the federal government and may come in the form of direct loans from the FFB
- Southern Company – with 4.4 million customers – is a high-quality, low-risk investment partner for the government
- Loan Guarantee benefits pass directly to customers by reducing electricity prices in the future
- Customers are expected to save ~\$15 million to ~\$20 million in annual financing costs

Preference for New Nuclear Plants at Existing Sites Continues to Improve



Question: If additional capacity to generate electricity was needed, I would favor the construction of new nuclear power plants at **existing** nuclear power plant sites.



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