

Plant Vogtle Reactors 3&4: Timeline of Taxpayer Concerns



October 2013

In February 2010, the Department of Energy (DOE) conditionally offered Southern Company and its partners a total of \$8.33 billion in taxpayer-backed loan guarantees to build two nuclear reactors in Georgia, but the award has yet to be finalized. Since the project’s inception, it has encountered substantial construction delays and cost increases causing the outlook on every partner’s credit rating to be changed to ‘negative’ and/or the credit ratings to be downgraded outright by at least one of the top financial ratings agencies. During the 1980s, Southern Company experienced massive cost overruns while constructing the first two reactors at Plant Vogtle. Original estimates for Plant Vogtle reactors 1&2 were under \$1 billion each, but final costs skyrocketed to nearly \$9 billion.¹

According to documents obtained through the Freedom of Information Act, the Department of Energy and project partners have yet to reach an agreement on final terms of the loan guarantee. Taxpayers for Common Sense is concerned that these extended closed door negotiations have allowed project partners to craft a deal that heavily benefits them while simultaneously exposing taxpayers to even greater risk.

Below is a timeline detailing project cost increases, delays, loan guarantee agreement extensions, technical problems, federal licensing benchmarks, the release of federal reports, credit downgrades, and general project updates.

Date	Event
September 2013	EXTENSION: The Department of Energy and Southern Company reach a deal to extend the loan guarantee offer totaling \$8.33 billion until December 31, 2013.
August 2013	PROJECT UPDATE: Oglethorpe Power announces it expects it will need another extension until <i>at least</i> the end of 2013 for final agreement between the Department of Energy and project partners.
August 2013	PROJECT DELAY: Plant Vogtle reactors 3&4 construction contractors – Westinghouse and Chicago Bridge & Iron – list new estimated commercial operation dates of Jan. 6, 2018 and Jan. 6, 2019 for reactors 3&4 respectively. The project is 21 months behind schedule. Total publicized cost estimates by project partners sum \$15.55 billion.
June 2013	EXTENSION: Deadline passes for agreement on \$8.33 billion loan guarantees between the Department of Energy and Southern Company, new deadline established as September 30, 2013.
March 2013	PROJECT UPDATE: Georgia Power (subsidiary of Southern Company) announces construction of reactor 3 at Plant Vogtle has begun.

¹ *New York Times*. “Nuclear Plant to be at Full Power.” 14 March 1987. <http://www.nytimes.com/1987/03/14/us/nuclear-plant-to-be-at-full-power.html>

February 2013	PROJECT DELAY: Georgia Power (subsidiary of Southern Company) announces that estimated commercial operation dates for reactors 3&4 are now 2017 and 2018, respectively.
February 2013	COST INCREASE: Georgia Power (subsidiary of Southern Company) requests approval of \$737 million in additional project cost increases from Georgia Public Service Commission. ²
December 2012	PROJECT DELAY: Plant Vogtle project is approximately 14 months behind schedule.
December 2012	EXTENSION: The Department of Energy and Southern Company reach a deal to extend the loan guarantee offer totaling \$8.33 billion until June 30, 2013.
December 2012	TECHNICAL PROBLEM: In an apparent accident, the oversized 300-ton reactor vessel for reactor 3 nearly fell off a transport train while on route to Plant Vogtle.
November 2012	PROJECT UPDATE: Construction contractors file suit against Southern Company and its partners seeking \$918 million for costs of project design changes.
July 2012	PROJECT UPDATE: Southern Company and its partners file suit against construction contractors seeking \$58.5 million for additional backfill work beyond what was agreed upon in the contract.
June 2012	EXTENSION: The Department of Energy and Southern Company reach a deal to extend the loan guarantee offer totaling \$8.33 billion until December 31, 2012.
April 2012	TECHNICAL PROBLEM: The Nuclear Regulatory Commission finds improper rebar installation during pre-construction of reactor 3 at Plant Vogtle.
March 2012	REPORT: U.S. Government Accountability Office report finds Title XVII program continues to lack an adequate system of application monitoring, “increasing the taxpayer’s exposure to financial risk from an applicant’s default.”
February 2012	PROJECT DELAY: Plant Vogtle project is now eight months behind schedule.
February 2012	LICENSING: Southern Company receives Combined Operation and Construction License for Plant Vogtle reactors 3&4.
January 2012	REPORT: Report by Herb Allison, former Assistant Secretary of the Treasury, finds loan guarantee program needs stronger taxpayer protections.
December 2011	PROJECT DELAY: Plant Vogtle project is now five months behind schedule.
November 2011	COST INCREASE: Plant Vogtle project is approximately \$42 million over budget.
August 2011	REPORT: Congressional Budget Office releases report calling into question the taxpayer protections for loan guarantee to nuclear power plants.
May 2011	PROJECT DELAY: Plant Vogtle project is approximately two months behind schedule.
May 2011	TECHNICAL PROBLEM: Nuclear Regulatory Commission issues a notice of violation to Southern Company for pre-construction testing quality deficiencies at Plant Vogtle.
March 2011	REPORT: Department of Energy Inspector General releases report faulting the Title XVII Loan Guarantee Program for failure to adequately demonstrate its method for mitigating risk prior to granting loan guarantees.
December 2011	LICENSING: Nuclear Regulatory Commission certifies Westinghouse’s AP1000 reactor design to be used by Southern Company for reactors 3&4 at Plant Vogtle.

² Georgia Power (subsidiary of Southern Company) withdrew its request for approval of \$737 million in additional project costs in August 2013.

November 2010	TECHNICAL PROBLEM: Nuclear Regulatory Commission issues notice of violation to Westinghouse's AP1000 design used in Plant Vogtle reactors 3&4, citing non-compliance with national standards to mitigate the impact of an aircraft impact.
October 2010	CREDIT DOWNGRADE: Moody's Investors Service downgrades Oglethorpe Power Corporation's (co-owner of Plant Vogtle reactors 3&4) credit rating to Baa1 citing increased business risk total approximately \$4.2 billion without adequate plans of mitigation during construction of Plant Vogtle reactors 3&4.
September 2010	PROJECT UPDATE: First pieces of Plant Vogtle reactors 3&4 delivered.
July 2010	REPORT: Government Accountability Office releases report finding the Department of Energy loan guarantee program is inadequately planned and executed; raising concerns that the program lacks performance goals and lacked systematic mechanism for awarding loan guarantees.
June 2010	PROJECT UPDATE: Georgia Public Service Commission issues Certificate Order on Remand, re-certifying Plant Vogtle construction after the Fulton County Superior Court ruled its initial certification was illegal.
June 2010	LOAN GUARANTEE: Southern Company and the Department of Energy announce final terms for the conditional loan guarantee agreement totaling \$8.33 billion through the Federal Financing Bank have been reached; the deal is valid until 90 days after Southern Company receives its combined construction and operating license from the Nuclear Regulatory Commission.
May 2010	PROJECT UPDATE: Fulton County Superior Court rules that Georgia Public Service Commission illegally certified the utility need and approved construction work in progress costs for Plant Vogtle reactors 3&4.
April 2010	EXTENSION: Southern Company requests a one-month extension of Department of Energy conditional loan guarantee offer totaling \$8.33 billion for the construction of Plant Vogtle reactors 3&4.
February 2010	LOAN GUARANTEE: The Department of Energy announces \$8.33 billion in conditional loan guarantees to Georgia Power (subsidiary of Southern Company) and co-owners for Plant Vogtle reactors 3&4.
December 2009	PROJECT UPDATE: 1 st Vogtle Construction Monitoring (VCM) Independent Monitor (IM) Report suggests delays are likely due to delay of DCD licensing from the Nuclear Regulatory Commission.
December 2009	LOAN GUARANTEE PROGRAM: The Department of Energy issues the Final Rulemaking for Loan Guarantee Program.
October 2009	LICENSING: Nuclear Regulatory Commission determines AP1000 shield building needs design modifications before being approved for a Design Certification Document.
August 2009	LICENSING: Nuclear Regulatory Commission issues Early Site Permit to Southern Company for the construction of Plant Vogtle reactors 3&4.
April 2009	PROJECT UPDATE: Shaw and Westinghouse begin pre-construction activities for Plant Vogtle reactors 3&4.
March 2009	PROJECT UPDATE: Georgia Power (subsidiary of Southern Company) receives notification from the Georgia Public Service Commission to construct two new AP1000 reactors at Plant Vogtle.
February 2009	LOAN GUARANTEE PROGRAM: \$50 billion for the development of nuclear reactors under the Title XVII Loan Guarantee Program within the Stimulus bill fails to get passed through the Conference Committee and be enacted into law.

December 2008	LOAN GUARANTEE APPLICATION: Georgia Power (subsidiary of Southern Company) and co-owners of Plant Vogtle reactors 3&4 submit Part II of application for a federal loan guarantee through the Department of Energy Loan Guarantee Program.
September 2008	LOAN GUARANTEE APPLICATION: Georgia Power (subsidiary of Southern Company) and co-owners of Plant Vogtle reactors 3&4 submit Part I of application for a federal loan guarantee through the Department of Energy Loan Guarantee Program.
August 2008	PROJECT UPDATE: Georgia Power (subsidiary of Southern Company) submits application to the Georgia Public Service Commission to certify its construction of Plant Vogtle reactors 3&4. Commercial Operation Dates (COD) are projected to be April 1, 2016 and April 1, 2017 for reactors 3&4 respectively. Total Project Cost is estimated to be \$14.11 billion.
June 2008	LOAN GUARANTEE PROGRAM: Department of Energy issues solicitation for new nuclear reactor projects to apply for \$18.5 billion in loan guarantees under its Title XVII Loan Guarantee Program.
April 2008	PROJECT UPDATE: Georgia Power (subsidiary of Southern Company) enters into Engineering, Procurement, and Construction contract with Westinghouse-Shaw to construct the two new AP1000 reactors at Plant Vogtle.
March 2008	LICENSING: Southern Company submits a Combined Construction Permit and Operating License application to the Nuclear Regulatory Commission for Plant Vogtle reactors 3&4.
August 2006	LICENSING: Southern Company files an Early Site Permit to the Nuclear Regulatory Commission for Plant Vogtle reactors 3&4.
January 2006	PROJECT UPDATE: Southern Company selects the Westinghouse AP1000 reactor design for Plant Vogtle reactors 3&4.
July 2005	LICENSING: Southern Company notifies the Nuclear Regulatory Commission of potential nuclear project site in Georgia.
February 2005	LICENSING: Southern Company notifies the Nuclear Regulatory Commission of its intent to submit an Early Site Permit application.
March 2004	LICENSING: Southern Company announces with six other companies that it intends to pursue licensing of a new nuclear generating facility.