GEORGIA POWER COMPANY

**RETAIL REVENUE FORECAST**

Georgia Power Company developed the Budget 2019 retail revenue forecast based on the Budget 2019 Load and Energy Forecast. Energy sales by customer class were used to project revenues for this filing. The forecast of base rate retail revenue under present rates is $5,619,988,908 during the test period, which covers the twelve months ending July 31, 2020. For a comprehensive description of the development of the Budget 2019 Forecast, please see Volume 1, Budget 2019 Load & Energy Forecast, of the technical appendices of the 2019 Integrated Resource Plan filed in the Docket No. 42310 documentation book.

In preparing the revenue forecast under present rates, the Company used similar methodologies as in past revenue forecasts. First, a monthly forecast of the number of customers and energy sales by customer class was prepared. Then, average rate curves were developed for traditional base tariff revenues, excluding the riders, for each customer class. Average rate curves were developed using regression and trending techniques. These average rate curves were developed for the residential, commercial, and industrial classes excluding the customers on the Real Time Pricing (RTP) rate. Governmental lighting and MARTA revenues were forecasted using a regression model based on historical revenue in the class.

The revenue from RTP customers was estimated separately. Total kilowatt-hour sales predicted in the energy forecast were first separated into RTP and non-RTP sales for the commercial and industrial classes based on historical data that captures historical penetration of the RTP rate in each customer class. RTP energy was further separated into the customer baseline load (CBL) and incremental portion. CBL revenues were then estimated using regression and trending techniques. The projected incremental RTP revenue was calculated by multiplying forecasted RTP prices (adjusted for fuel) by the incremental projection of RTP sales. Finally, total RTP revenue was calculated by summing the forecasted CBL and the incremental revenue for the commercial and industrial classes.

The last rate increase went into effect for traditional base tariffs on January 1, 2016 based on the approved 2016 compliance filing. The rider revenues reflect increases that went into effect on January 1, 2016 for Demand Side Management (DSM), Environmental Compliance Cost Recovery (ECCR), and Municipal Franchise Fees (MFF) tariffs and on January 1, 2019 for Nuclear Construction Cost Recovery (NCCR) tariff. Fuel Cost Recovery (FCR) tariff revenue was estimated for MFF based on the current FCR-24 rate. Rider revenues were added to traditional base tariff revenues to arrive at the total base rate revenues.

In summary, residential revenues were estimated solely with average rate curves. Commercial and industrial revenue was calculated by summing the revenue from non-RTP customers (calculated using average rate curves) and the revenue from RTP (calculated using CBL average rates and projected RTP prices). Governmental lighting and MARTA revenues were forecasted using a regression model based on historical revenue in the class. Projected total retail revenue was calculated by summing the revenue from each customer class. Appendix\_Exhibit 1.2, Workpaper 1 contains a summary of energy and base revenue for each customer class by month for the test period.