**DIRECT TESTIMONY OF**

**LARRY T. LEGG**

**ON BEHALF OF**

**GEORGIA POWER COMPANY**

**DOCKET NO. 42516**

1. **INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

A. Larry T. Legg, Director of Pricing and Rates for Georgia Power Company (“Georgia Power” or the “Company”), 241 Ralph McGill Boulevard, Atlanta, Georgia 30308.

**Q. MR. LEGG, PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.**

A.I graduated from Mercer University in 1988 with a bachelor’s degree. I joined Georgia Power in 1990 in the Customer Service organization. From 1990 to 2018, I held various staff and managerial positions in Customer Service, Sales, Software Development, Revenue Accounting, Pricing and Rates, and Market Planning. During this period, I attended Georgia State University and earned a Master of Business Administration degree in 1997.

I was named Rate Design Manager for Georgia Power in 2003 where I led the development of Rate Design for the 2004 Retail Rate Case. In 2006, I was named Manager of Market Planning for Georgia Power. In this position, my responsibilities included the load, energy and revenue forecast, as well as economic evaluation of Demand Side Management (“DSM”) and marketing programs. While in this position, I testified before the Georgia Public Service Commission (“Commission”) in Docket Nos. 24505, 27800, 31081, 31082, 34218, 36498, 36499, 40161 and 40162.

In February 2018, I was named to my current position of Director, Pricing and Rates for Georgia Power. In this role, my responsibilities include administering the Company’s rates, Rules and Regulations as well as the billing operations for our largest Commercial and Industrial customers. I am also responsible for administering the Georgia Territorial Electric Service Act of 1973, as it applies to Georgia Power. I also direct the Company’s efforts toward the development and implementation of new tariffs to meet the needs of our customers. Finally, I am responsible for the development of the prices and tariff designs that the Company proposes in rate case filings.

**Q. PLEASE DESCRIBE THE BENEFITS OF GEORGIA POWER’S CURRENT TARIFF PORTFOLIO.**

A. Georgia Power takes pride in being an industry leader by offering an innovative and robust portfolio of rate options to retail customers. The Company currently offers approximately 40 individual electric service base rate options to customers, with multiple options available for customers of differing sizes and classes. This diverse portfolio of rate options is largely attributable to the support from the Commission and its Staff in providing rates that fit the needs of both customers and the Company. Through these rates, Georgia Power is providing customers with electricity at prices that are currently 16% below the national average. Georgia Power’s rate portfolio is also a key component to achieving high customer satisfaction ratings and helping the state of Georgia succeed in the economic development arena.

**Q. ARE THERE CHANGES THAT NEED TO OCCUR IN THE COMPANY’S TARIFF PORTFOLIO?**

**A.** Yes, certain changes are needed to allow the Company to respond to changes that are occurring in the industry. The Company’s ability to modernize its rate offerings to be cost reflective, utilize current technology, and adjust to changing customer behaviors is paramount to providing excellent service to our customers in the future. These changes will

allow the Company to continue offering a diverse portfolio of rate options to meet changing customer preferences and maintain a leadership role in the industry.

**Q. WHAT ARE SOME OF THE CHANGES OVER THE PAST SEVERAL YEARS THAT ARE DRIVING THE NEED TO UPDATE THE COMPANY’S PORTFOLIO OF RATES?**

**A.** The Company recognizes, as Dr. Faruqui points out in his testimony, that customers are using the electric system differently than in the past. The Company is seeing an increasing penetration of customer solar generation on its system and expanded participation in energy efficiency. Interest in behind-the-meter customer generation is also increasing. Fuel cell technologies are being adopted across the country and battery prices continue to decline. Additionally, new technologies like smart thermostats enable customers to make informed decisions on how and when they use our system. In fact, Georgia Power, through its Marketplace site and other channels, is responsible for the installation of nearly 100,000 smart thermostats since 2013. As customers adopt these and other supply and demand-side technologies and install more efficient appliances, the Company must be sure it can help its customers with this transition.

In this regard, the Company’s rates must adapt to accommodate these changing needs and preferences. Sending more appropriate price signals will help customers make the most economic decisions, while also ensuring that other customers are not impacted by these decisions. At the same time, this will also ensure that the Company is able to collect revenues needed to ensure a high level of customer satisfaction and reliability.

**Q. IN LIGHT OF THESE CHANGES IN CUSTOMER BEHAVIOR, HOW IS THE COMPANY PROPOSING TO MODIFY ITS PORTFOLIO OF RATES IN THIS CASE?**

**A.** The Company is modifying rates to increase fixed cost recovery to levels more in line with the cost to serve our customers. In addition, we propose to move more customers to modern rate designs. We also propose to convert two piloted tariffs to permanent tariffs, modify our Back-Up Service (“BU”) tariff and ensure that all customers installing generation are safely interconnected to our system. All of these changes are outlined in my testimony.

**Q. HOW IS YOUR TESTIMONY ORGANIZED?**

A. The remainder of my testimony is organized as follows:

* Section II (pages 4 to 12) discusses the application of the proposed increase;
* Section III (pages 12 to 15) discusses the proposed changes to existing pricing programs and tariffs;
* Section IV (pages 16 to 19) discusses the proposed wording changes to the Rules and Regulations, tariffs and riders;
* Section V (pages 19 to 22) discusses proposed tariffs to close or eliminate; and
* Section VI (pages 22 to 23) discusses the proposed new tariffs.

1. **APPLICATION OF THE PROPOSED INCREASE**

**Q. HOW HAS GEORGIA POWER FILED ITS CHANGES TO TARIFFS?**

A. The Company has filed tariffs in three parts – current tariffs, current tariffs with tracked changes, and proposed tariffs. Copies of the new and revised tariffs are contained in Minimum Filing Requirement (“MFR”) F–1 found in Volume-1, Exhibit 1 of this filing.

**Q. WHAT IS THE TEST PERIOD FOR THE COMPANY’S FILING?**

A. The Company filed all MFRs on a split test year basis. The test year covers the period beginning August 1, 2019 to July 31, 2020.

**Q. IS THE COMPANY PROPOSING TO CONTINUE THE EXISTING ALTERNATE RATE PLAN (“ARP”) IN THIS PROCEEDING?**

A. Yes. As discussed in Mr. Poroch, Ms. Adams, and Mr. Robinson’s testimony, the Company is seeking to continue the ARP with certain modifications. The Company proposes changing base rate tariffs for traditional base revenue items by initiating a one-time, levelized increase of $209 million plus an additional $158 million in 2020 for the recovery of Asset Retirement Obligations (“ARO”) costs associated with Coal Combustion Residuals (“CCR”) compliance activities. The Company also proposes a $165 million one-time, levelized increase through the Environmental Compliance Cost Recovery (“ECCR”) tariff. Additionally, the Company is proposing a $14 million increase through the Demand Side Management (“DSM”) tariffs consistent with the amount requested in the DSM Certification Docket No. 42311. The effect of these increases as well as a higher percentage of revenues collected from inside municipalities results in an additional $17 million collected through the Municipal Franchise Fee (“MFF”) tariff. In total the Company is proposing a $563 million increase effective January 1, 2020.

All customer impacts discussed in my testimony are based on the Company’s ARP proposal. The customer impacts include adjustments to base tariffs and proposed adjustments to the ECCR and DSM tariffs. They also include the effect of rate increases on the MFF tariff.

**Q. WHAT PROCESS DID THE COMPANY USE TO APPLY THE PROPOSED $367 MILLION INCREASE TO TRADITIONAL BASE RATE TARIFFS?**

A. Because this is a base rate case proceeding, the proposed increase was applied to each base rate before fuel costs. When designing rates to collect the targeted revenue requirement, various strategies can be employed. For instance, all components of the base rates can be adjusted equally. Alternatively, individual components can be appropriately increased or decreased to better align with the actual cost to serve customers.

In terms of economic efficiency and sending the appropriate price signals, proper rate design would seek to collect customer-related costs (which are independent of customers’ demand and energy usage) through a customer-related charge such as the basic service charge, demand-related costs through a demand charge, and energy costs through a variable charge such as a kilowatt hour (“kWh”) charge. When a significant portion of customer or demand-related costs are recovered through energy charges, economic inefficiency results because customers do not receive the appropriate price signals and customers believe they can avoid costs by reducing their usage. In fact, their reduced usage just transfers those costs to other customers who, in effect, then have higher costs.

We recognize however, that electric rates intentionally involve less than perfect economic efficiency as a matter of conscious regulatory policy. Over the years, this regulatory policy has created and allowed cross subsidies to exist in a number of ways in much of our business. This is often appropriate and is part of the overall constructive regulatory policy of this Commission. The Company fully appreciates that how much of our revenue requirement is collected through the basic service charge and how much is collected through a kWh charge is a matter of Commission policy.

With this in mind, our proposed rate design in this case seeks to balance the principles of economic efficiency with the practical realities of how our rates are currently structured. We have adopted a principle of gradualism as we move to better align our prices with cost causation. In this case, an adjustment was made to the basic service charge of each base rate to move toward the related costs in the cost-of-service-study (“COSS”). This adjustment is described in more detail later in my testimony. After applying the changes to the basic service charges, the other base rate components of each tariff were adjusted by the appropriate amounts to achieve an equal percentage base increase for each rate before fuel costs. One exception is that on-peak energy prices for Time of Use (“TOU”) rates were not increased in order to bring TOU on-peak price signals more in line with the current system marginal cost outlook. The appropriate increase amounts were applied to the non-peak periods of TOU rates to accomplish the proposed rate increase. The Company also made minor changes to some rate steps to balance to the requested base rate increase.

**Q. WHY DID THE COMPANY MOVE THE BASIC SERVICE CHARGES ON EACH RATE TOWARD THE CUSTOMER-RELATED COSTS CALCULATED IN THE COSS?**

A. Using the COSS to adjust the basic service charge will result in rates that better reflect the costs incurred to provide a customer with electricity and associated services. These costs include the expenses of metering, billing, customer assistance, and a portion of the system known as the Minimum Distribution System. Implementing this adjustment will better align prices with costs and, in turn, send better price signals to customers. It will also result in more economically sound rate designs that will encourage more efficient use of Georgia Power’s electric system.

**Q. HOW DID THE COMPANY ADJUST THE BASIC SERVICE CHARGE ON EACH RATE TOWARD THE CUSTOMER-RELATED COSTS IN THE COSS?**

A. For all rates, the Company has moved the basic service charge toward the related costs in the COSS. For most rates, this change required an increase to the current basic service charge, but in some cases a reduction was appropriate. In order to take a measured approach, no basic service charge is proposed to increase to more than twice its current amount in the Company’s ARP.

Our COSS indicates that the monthly customer related costs for the Domestic Group are approximately $21.00. The basic service charge for most Domestic Group tariffs is currently set at $10.00. In this case, we are proposing to move the basic service charge to $17.95. If this were a one-year rate plan, it would be appropriate to consider moving the basic service charge to this amount in one step as we have shown in the MFRs. However, since we are proposing a three-year ARP, our proposal is to move the basic service charge up to the $17.95 amount for most of the Domestic Group tariffs over that three-year period rather than all at once. This will help to mitigate the impacts of the design change to residential customers. After this change, our basic service charge will be more in line with our costs, although it will still be lower than most Electric Member Cooperatives’ (“EMCs”) basic service charges in Georgia.

A summary of the current and proposed basic service charges by tariff is provided in Exhibit\_\_\_LTL-1. Additionally, Exhibit\_\_\_LTL-2 provides a comparison of current prices within base rates to the proposed 2020 prices from the Company’s proposed ARP design. Exhibit\_\_\_LTL-3 shows the Company’s current basic service charge in relation to the basic service charge of each of the EMCs in Georgia.

**Q.** **HOW DO YOU PROPOSE SPREADING THE BASIC SERVICE CHARGE FOR THE DOMESTIC GROUP OVER THE THREE-YEAR PERIOD OF THE ARP?**

**A.** The ARP gives us the opportunity to balance the need to adjust the basic service charge to a reasonable level reflective of cost to serve residential customers with the principles of gradualism. For the rates in the Domestic Group, which are applicable to residential customers, the Company proposes to increase the basic service charge up to the amount necessary to collect 80% of the annual increase in 2020 and 2021 while adjusting the other components of each rate to collect the remaining 20%. In 2022, the basic service charge will be increased by an amount necessary to reach the cap of $17.95 per month. The remaining increase will be applied to other rate components. By using this approach each year through the rate adjustments proposed over the three-year ARP, the increase to the basic service charge will be introduced in a more gradual manner for residential customers.

**Q. HOW WILL APPLYING A LARGER PERCENTAGE OF THE ANNUAL INCREASE TO THE BASIC SERVICE CHARGE IMPACT CUSTOMERS?**

**A**. It is very important to note that changing the basic service charge to recover a larger portion of the revenue requirement in this case does not change our total revenue requirement or the amount of the rate increase for the average customer. Whether the basic service charge is designed to collect the majority of the revenue deficiency or whether each step of the rate (including the basic service charge) is changed by the same percent to collect the revenue deficiency, the effect on the average customer is exactly the same; approximately $10 per month. A low use customer will see a smaller increase of approximately $8 per month, while a high use customer will see an increase of approximately $13 per month. Exhibit\_\_\_LTL-4 provides the current versus proposed bill comparisons to illustrate the impacts of the Company’s proposed rate design on residential customers of varying sizes.

**Q. DOES THE COMPANY PROPOSE ANY FURTHER CHANGES TO THE BASIC SERVICE CHARGE REFLECTED IN ITS BASE TARIFFS?**

A. Yes. Georgia Power proposes to convert the basic service charge in the tariffs within the Domestic Group to a daily amount. Currently, a bill can be generated with the service period ranging from 25 to 36 days without being prorated. This means that customers that experience a 36 day bill period incur the same basic service charge as a customer whose bill only includes 25 days of service. Conversely, if a bill is calculated using a daily basic service charge amount, the result will be based on the exact number of days of service, which will make this portion of the bill more accurate and simpler for the customer to understand.

**Q. PLEASE DESCRIBE THE COMPANY’S ANNUAL RATE ADJUSTMENT PLAN FOR CCR ARO COMPLIANCE COSTS.**

A. To balance the benefits of a levelized rate plan with more timely collection of incurred costs, the Company is proposing to adjust traditional base rates annually to recover the expense of ARO CCR compliance costs. As discussed in Mr. Poroch, Ms. Adams, and Mr. Robinson’s testimony, following the initial increase effective January 1, 2020, the Company proposes to submit a filing on November 1, 2020 for recovery of the projected incremental increase in CCR ARO compliance costs for 2021 based on the most current budget available. This filing will provide for the recovery of these costs through traditional base rate tariffs with revised rates effective January 1, 2021. Then, on November 1, 2021, the Company would submit an additional filing for recovery of the projected incremental increase in CCR ARO compliance costs for 2022 based on the most current budget available with revised rates effective January 1, 2022.

**Q. PLEASE DESCRIBE THE CHANGES TO THE ECCR TARIFF AS PART OF THE ARP.**

A. The Company is updating the ECCR tariff as part of its proposal. The tariff recovers capital and O&M expenses associated with government-mandated environmental costs. Under the Company’s ARP, ECCR will be continued with a modification for a one-time, levelized increase of $165 million effective January 1, 2020. ECCR will continue to apply on an equal percentage basis to all standard base tariffs. It will also continue to apply to the Customer Base Line (“CBL”) portion of Real Time Pricing (“RTP”) bills and 65% of Fixed Pricing Alternative (“FPA”) and Electric Arc Furnace (“EAF”) base bill calculations.

**Q. IS THE COMPANY PROPOSING TO CONTINUE THE DSM TARIFFS AS PART OF ITS ARP?**

A. Yes. The proposed DSM tariffs reflect the costs and Additional Sum that were proposed in the Company’s 2019 DSM Certification Proceeding as well as the true-up of DSM revenues as necessitated from holding the DSM rates unchanged since 2016 (as ordered in Docket No. 39971). In the Company’s ARP, the DSM tariffs are designed to collect an additional $14 million in 2020. The appropriate DSM tariff (Residential or Commercial) will continue to apply on an equal percentage basis to all standard base tariffs for Residential and Commercial customer bills. It will also continue to apply to the CBL portion of RTP bills and 65% of FPA bills for Commercial customers on those tariffs. Under the ARP, the Company will update this tariff each November 1, to be effective January 1 of the following year.

**Q. WILL THE MFF TARIFF BE UPDATED ANNUALLY IN THE ARP?**

A. Yes, if needed. The Company may update the MFF tariff with the proportionate share of revenues collected within municipalities with whom we have franchise agreements. This will be done in conjunction with the annual November 1 compliance filing for the DSM tariffs as referenced in the previous question. The approved tariff will become effective January 1 of the following year. The update would reflect the split between revenues collected from inside city limits and outside city limits based on the most recent twelve months of actual data. In our proposed design, the tariff will collect an additional $17 million in 2020 and will continue to apply as a percentage of total revenues, including the revenues generated from all tariffs incorporated into the standard base tariffs (including, without limitation, the DSM, FCR, ECCR, and NCCR tariffs). The percentage applied to total revenues depends on customer location (i.e., inside or outside city limits).

**Q. WHAT IS THE EFFECTIVE OVERALL IMPACT OF THE COMPANY’S ARP PROPOSED INCREASE AS APPLIED TO CUSTOMER RATE GROUPS?**

A. The average increase on an after-fuel basis across all rate groups is approximately 7.22% in 2020 (including ECCR, DSM and MFF). The bill impact for a typical residential customer using an average of 1,000 kilowatt hours per month is $9.78. The impacts to each of the rate groups on an after-fuel basis are as follows: Domestic by 8.1%; Small Business by 8.8%; Medium Business by 8.1%; Large Business by 7.5%; Agricultural by 7.9%; Government/Institution by 7.3%; Outdoor Lighting by 9.0%; and Marginally Priced by 4.2%. These differences in percent increases are due, in part, to the differences in the ratio of fuel costs to the total bill for each group. Consistent with existing policy, the base rate increase is not applied to incremental RTP usage. All impact percentages include the effects of base rate increases and the effects of updated ECCR, DSM and MFF tariffs.

For years 2021 and 2022, the projected average increases for the adjustments to rates for CCR ARO compliance costs, DSM, and MFF (as discussed above) are approximately 1.75% and 2.74% respectively, with estimated monthly bill impacts for a typical residential customer of $2.56 and $4.14.

1. **PROPOSED CHANGES TO EXISTING PRICING PROGRAMS AND TARIFFS**

**Q. DOES GEORGIA POWER PROPOSE CHANGES TO EXISTING PRICING PROGRAMS AND TARIFFS?**

A. Yes. The Company proposes changes to the following programs and tariffs: Residential Service tariff (“R”), Time of Use Residential Demand tariff (“TOU-RD”), FlatBill tariff (“FLAT”), BU Service rider, Demand Plus Energy Credit rider (“DPEC”), Real Time Pricing – Day Ahead (“RTP-DA”), Real Time Pricing – Hour Ahead (“RTP-HA”), Renewable and Nonrenewable Resources tariff (“RNR”), and the Simple Solar tariff (“SS-1”).

**Q. PLEASE EXPLAIN THE COMPANY’S PROPOSED CHANGES TO THE R TARIFF.**

A. The Company proposes to modify the R tariff to make the rate unavailable to new residential premises beginning in January 2020. As discussed in Dr. Faruqui’s testimony, utilities across the country are rapidly moving away from the traditional volumetric rate designs (such as the R tariff) and to more modern rate designs that send price signals that more appropriately reflect costs. By closing the R tariff to new premises, the Company will begin to establish new residential accounts on other rates within the Domestic Group that better align with the cost to serve customers. The R tariff would remain available to existing residential premises on the Georgia Power system that established service prior to January 2020.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE TOU-RD TARIFF.**

A. The Company proposes to modify the Billing Demand interval from the highest 30-minute kW measurement to the highest 60-minute kW measurement during the current month. Many utilities with residential demand rates utilize a 60-minute interval to calculate the monthly billing demand. Customers will benefit from better understanding the concept of demand as the maximum usage over an hour. Additionally, the longer demand interval provides a more stable bill.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE FLAT TARIFF.**

A. Based on the success of the FlatBill First Year pilot, the Company proposes to close the FlatBill First Year Pilot tariff and modify the existing FlatBill tariff’s requirement that a residential customer have 12 months of history to qualify for the FlatBill program. The tariff will be revised to allow customers to participate if they are located at a premises that has at least 12 months of valid metered usage history. This change would allow customers to qualify for this tariff option sooner than the 12 months required under the existing tariff language.

In the summer of 2018, Georgia Power initiated a Commission-approved pilot to offer FlatBill to customers at the time of starting electric service. There was strong demand among customers who were offered this pilot option. As of this filing, over 90% of pilot participants who reached their anniversary date have chosen to renew for another FlatBill term – which demonstrates a high degree of satisfaction from their experience on the rate. By implementing the qualification changes to the FlatBill tariff, the Company will be able

to make offers to any interested customer at residential premises with at least 12 months of valid history.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE BU TARIFF.**

A. The Company proposes to update and simplify the BU tariff. Under the simplified tariff, the Company and customer will contract for up to two months per calendar year during which maintenance may be performed (and energy consumed), and these two months will be free of any billing demand ratchet impacts. There are currently no customers taking service under the BU tariff, so no customers will be impacted. These changes will make the tariff easier for customers to understand and simpler for the Company to administer.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED UPDATES TO THE DPEC RIDER.**

A. The Company proposes to update the energy credits and the demand values reflected in Part I of the DPEC rider. DPEC is a voluntary program for large customers who are willing to provide at least 200 kW of demand reduction during extreme supply and demand conditions on the Company’s system. The credit values in the DPEC rider are not updated in the same manner as traditional base tariffs because these credits are not based upon the Company’s revenue requirement. Rather, the demand credit is calculated based on the three-year projected retail capacity price forecast, and the energy credit is calculated using the three-year forecasted average of the top 100 hours’ marginal cost of energy.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE RTP PROGRAM.**

A. The Company proposes wording changes to the RTP-DA and RTP-HA tariffs to modify and clarify rules on the creation of and allowable changes to a customer’s CBL, as well as to clarify other provisions of the tariffs.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE RNR TARIFF.**

A. The Company proposes several changes to the RNR Tariff. The first is to eliminate the ‘Part I’ and ‘Part II’ language that is no longer needed, as Part I closed on December 31, 2010. The second change is to clarify that facility sizes are to be measured in kW AC. The Company also proposes to remove the monthly bi-directional metering charge. The final change is updated language concerning interconnection requirements for renewable or nonrenewable energy resources.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE SS-1 TARIFF.**

A. As proposed in the 2019 Integrated Resource Plan (“IRP”), the Company plans to expand its Simple Solar program by adding an additional discounted pricing tier for Simple Solar Large Volume participants. As customer interest in the Simple Solar program continues to grow, Georgia Power has identified the need for greater flexibility for large customers. The Company proposes to revise the Simple Solar Tariff Large Volume Purchase Option pricing to change the 0.5¢ per kWh per month tier to the next 1,650,000 kWh of Renewable Energy Credits (“REC”) rather than all remaining kWh of RECs. We then propose to add a new pricing tier where all kWh of RECs exceeding 2,000,000 will be priced at the current REC market price offer at the time of contract execution. The additional market pricing tier is designed to continue to collect the full administrative costs of the program while preserving the ability to offer more competitively-priced solar RECs for very large volume purchasers.

1. **PROPOSED CHANGES TO THE RULES AND REGULATIONS, TARIFFS AND RIDERS**

**Q. DOES THE COMPANY PROPOSE ANY CHANGES TO ITS RULES AND REGULATIONS, TARIFFS AND RIDERS?**

A. Yes. The Company has made changes in the Rules and Regulations, as well as some tariffs and riders to improve readability and clarity, and to incorporate current business practices. All these changes are included in the redline versions of the Rules and Regulations, tariffs and riders included in MFR F-1 in this filing.

**Q. PLEASE PROVIDE EXAMPLES OF THE PROPOSED CHANGES TO THE RULES AND REGULATIONS, TARIFFS AND RIDERS.**

A.Many of the updates to the Rules and Regulations, tariffs and riders are wording changes to improve consistency and promote clarity. Other changes include an update to the Rules and Regulations and tariffs that remove references to Company offices. Other specific changes include updates to certain tariffs’ applicability sections, the addition of a new Customer Generation section to the Rules and Regulations, a modification to section F4, and updates to certain customer fees.

**Q. PLEASE EXPLAIN WHY THE RULES AND REGULATIONS AND TARIFFS WERE UPDATED TO REMOVE REFERENCES TO COMPANY OFFICES.**

A. Sections A1 and E5 of the Rules and Regulations, as well as the R tariff included references to Company offices. However, because the Company has closed all bill payment offices, these references were removed, and language was updated to reflect the current options for customers to conduct business with the Company.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE APPLICABILITY OF THE FARM SERVICE (“FS”), SCHOOL SERVICE (“SCH”), AND SCHOOL LOAD MANAGEMENT (“SLM”) TARIFFS.**

**A.** The Company is proposing language to clarify the applicability of the FS, SCH, and SLM tariffs. The language clarification does not change how we currently apply the tariffs but will ensure consistent understanding among customers about who qualifies for the tariffs going forward.

**Q. PLEASE EXPLAIN WHY THE ADDITION OF THE CUSTOMER GENERATION SECTION OF THE RULES AND REGULATIONS IS NECESSARY.**

A. The Company proposes to add the Customer Generation section of the Rules and Regulations to outline the guidelines and requirements for any customer generating facility requesting to interconnect to Georgia Power’s electric system. This includes the execution of an applicable Interconnection Agreement, the adherence to the Southern Company Distribution Interconnection Policy and the responsibility for any applicable costs of interconnection and integration. As the number of on-site generation facilities grows, the Company must be aware of these generators to ensure they are safely interconnected and that the Company can reliably operate its distribution system. Additionally, to ensure the accuracy of its load and energy forecasts, it is necessary for the company to incorporate these systems and their impacts into the planning process to prevent over or underestimating generation needs in future IRP filings.

**Q. DOES THE COMPANY PROPOSE CHARGING AN APPLICATION FEE TO REVIEW AND PROCESS BEHIND-THE-METER REQUESTS FOR INTERCONNECTION?**

A. No, the Company does not request a fee to cover the application processing for behind-the-meter generators at this time but does reserve the right to request such a fee in the future as the volume of behind-the-meter generator installations grows. Many utilities across the

country require these fees, which vary depending on the size and complexity of the proposed system.

**Q. PLEASE EXPLAIN WHY SECTION F4 OF THE RULES AND REGULATIONS HAS BEEN MODIFIED.**

A. The current language within section F4 of the Rules and Regulations requires that the Company disconnect any customer who fails to correct a problem that has or could detrimentally affect other customers, or the integrity or reliability of the Company’s electrical system. The proposed modifications allow for more flexibility in remediating a problem of this nature. The new language allows customers a reasonable amount of time to correct the issue and further provides the option of the Company to install equipment to mitigate the problem at the expense of the customer.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO CERTAIN CUSTOMER FEES.**

**A.** The Company is proposing to update various fees as part of the rate case. The first is an update to the reconnect at pole fee found in section F3 of the Rules and Regulations. Currently, the fee is $120, but our updated analysis shows that the fee needs to be adjusted to $150 to properly collect the cost to disconnect and reconnect service at the pole.

Another proposed fee change is the charge for underground residential distribution service found in section C10 of the Rules and Regulations. Currently, the Company obtains a one-time payment of $725 for each underground service point connection. This fee is not adequate to cover the cost differential to install underground service and the Company is seeking to increase this charge to $1,000 to more closely align with the actual expense.

Finally, the Company is proposing to eliminate the fees customers pay when making payments at Authorized Payment Locations (“APL”) and through debit or credit card transactions. Currently, APLs assess a fee of $1.50 per transaction to customers when accepting Georgia Power payments. With the closing of all Company bill payment offices, this channel has grown in popularity and is commonly used by PrePay customers. By seeking recovery of these fees in the Company’s overall revenue requirements, the Company will be providing a fee-free payment channel to participating customers that makes it easier for them to do business with the Company and will improve customer satisfaction. This will also reduce the impact of fees to many lower income customers as they are the predominant users of this payment channel. To the extent that they are also low usage, this change would help offset any impact from the Company’s proposed adjustments to the basic service charge.

The proposal to accept debit and credit card transactions without a fee will allow Georgia Power to adopt more modern business practices. Customers are accustomed to paying for other utilities and monthly services through these methods and are dissatisfied when they incur an additional charge to pay for their electric service with these cards. This change will help meet the growing expectations of customers to be able to pay how they want, and also provide customers with other means to pay their electric bill and avoid late payment charges or disconnection of service.

1. **PROPOSED TARIFFS TO CLOSE OR ELIMINATE**

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE RTP- DAA AND RTP-HAA TARIFFS.**

A. The Company proposes to eliminate RTP – Day Ahead with Adjustable CBL (“RTP-DAA”) and RTP – Hour Ahead with Adjustable CBL (“RTP-HAA”) offerings. No customers will be adversely impacted by eliminating these optional offerings as no current RTP customers are utilizing these tariffs. Additionally, the Company offers Price Protection Products (“PPP”) for RTP customers seeking to temporarily mitigate exposure to dynamic pricing on the RTP rates.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE OUTDOOR LIGHTING GOVERNMENTAL (“OLG”) AND OUTDOOR LIGHTING NON-GOVERNMENTAL (“OLNG”) TARIFFS.**

A. The Company proposes to close the OLG and OLNG tariffs to new customers as of January 2020. The fixture offerings available on these tariffs are quickly becoming obsolete due to the emergence of new, more efficient lights (such as LEDs) and the replacement bulbs and materials for existing OLG and OLNG lights may not be available in the near future. Customers wishing to remain on the legacy OLG and OLNG tariffs may continue to take service with these fixtures until the lights fail or the customer elects to upgrade to newer technology. Customers wishing to update to newer fixtures or add additional lights may work with the Company’s unregulated lighting department or any third-party outdoor lighting contractor.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE MULTIPLE LOAD MANAGEMENT TARIFF (“MLM”).**

A. The Company proposes to eliminate the MLM tariff. The tariff is administratively burdensome, is not well understood by customers, and a relatively small number of customers take service under the MLM rate.

**Q. WILL CUSTOMERS ON MLM BE HARMED BY THE CLOSING OF THE TARIFF?**

A. No, current MLM customers will be transitioned to the Time of Use Revenue Neutral tariff (“TOU-RN”). By transitioning the customers to TOU-RN, the Company will calculate a custom off-peak price that will ensure that the customers pay the same amount for their electric service over a 12-month period if their usage remains the same. The transition to TOU-RN also allows customers to maintain their existing voltage and diversity savings.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO UNMETERED TARIFFS.**

**A.** The Company currently has multiple tariff options that allow for the provision of unmetered electric service where the installation of metering equipment is uneconomic or impractical. In these instances, the Company estimates the monthly energy and demand for billing purposes. Due to the deployment of AMI across the Company’s system, the cost of metering and meter reading is much more economic and eliminates the need for estimated usage. Additionally, this will ensure that customers are billed the most accurate charges for the energy they consume.

The Company currently provides this option under the General Service tariff (“GS”) and the Power and Light Small tariff (“PLS”). The Company proposes to modify both the GS and PLS tariffs to remove the option for unmetered service in the future. The Company also provides unmetered electric service for traffic control devices under the Traffic Control Unmetered schedule (“TC-U”) as well as metered electric service under the Traffic Control Metered schedule (“TC-M”). The Company proposes to close the TC-U tariff to new customers. Going forward, all new traffic control devices will be metered and served by the TC-M tariff.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE GREEN ENERGY (“GE”) TARIFF.**

**A.** The Company is proposing to eliminate the GE tariff. The GE tariff has been replaced with more current renewable options and there are no customers on the tariff.

**Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CHANGES TO THE MODERNIZATION RIDER.**

**A.** The Company is proposing to eliminate the Modernization rider. The rider was designed to help customers on hours use demand (“HUD”) tariffs add new electric load by slowly increasing the billing demand over a five-year period. Since RTP is now the most popular option selected by customers seeking to expand or add new load, the Modernization rider is no longer useful. Additionally, there are currently no customers on the rider.

1. **PROPOSED NEW TARIFFS**

**Q. IS GEORGIA POWER PROPOSING ANY NEW TARIFFS?**

A. Yes, the Company is proposing to introduce two new tariffs. The first is to make the Pay by Day pilot tariff a permanent offering to residential customers. The second is the introduction of FlatBill-General Service (“Flat-GS”) as a separate tariff.

**Q. PLEASE DESCRIBE THE NEW PAY BY DAY TARIFF.**

A. The Pay by Day tariff was piloted with a target group of residential customers in the spring of 2018. This new rate option combines the convenience and control of PrePay with the certainty of FlatBill. The rate operates like PrePay and provides the same program benefits, but customers are offered a fixed daily price that does not fluctuate for an entire year. Interest for the pilot offering was strong – particularly among PrePay customers – and the majority of customers who participated also renewed at the end of the annual term. Based on this positive experience, the Company requests to make Pay by Day a permanent rate option for qualified residential customers after it completes billing system updates to support the rate.

**Q. PLEASE DESCRIBE THE NEW FLATBILL – GENERAL SERVICE TARIFF.**

A. The existing FLAT tariff allows customers on both the R and GS tariffs who meet the applicability criteria to participate in the FlatBill program. As noted earlier in this testimony, the Company is proposing certain changes to the current FLAT tariff that do not extend to GS customers. Therefore, the Company is proposing to create a separate, stand-alone tariff to ensure that GS customers can continue to participate in FlatBill under the same conditions and qualifications as in the past.

**Q. PLEASE EXPLAIN WHY THE COMPANY IS NOT PROPOSING NEW TARIFFS FOR THE CUSTOMER RESOURCE SUPPLY PROCUREMENT (“CRSP”) PROGRAM AND INCOME-QUALIFIED TARIFF-BASED FINANCING PILOT.**

A. In the 2019 IRP, the Company requested to procure 950 MW of utility-scale renewable resources through its CRSP program and to provide a new low-income program through the Income-Qualified Tariff-Based Financing pilot. The final structure and design of these programs were modified through the IRP process; therefore, it would be premature to propose tariffs at this time. The Company will file the appropriate tariffs based upon the approved programs at a later date.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes