# FOOTNOTE T/ $ 249,949 Depreciation and Amortization Expense

The increase is primarily due to the increase in depreciable plant balance in electric plant in service as identified in FOOTNOTE AE/ as well as proposed changes in depreciation rates reflected in the Company’s budget beginning January 2020.

FOOTNOTE U/ $(594) Nuclear Decommissioning Expense

The decrease reflects a decrease in the nuclear decommissioning accrual beginning January 2020 as a result of projected decreases in spent fuel management and waste burial costs due to incorporating estimates from the new nuclear decommissioning study.

FOOTNOTE V/ $ 96 Amortization of Investment Tax Credits (ITCs)

The decrease is primarily due to older ITCs being fully amortized partially offset by changes in the average service lives used for amortization of investment tax credits.

FOOTNOTE W/ $ 8,655 Amortization of Obsolete Inventory

The increase reflects the proposed 3-year amortization of obsolete inventory associated with 1) the previously decertified units in Docket Nos. 34218, 36498, and 40161, and 2) the proposed decertification of units in Docket No. 42310.

FOOTNOTE X/ $ (718) Amortization of State Tax Reform Refunds

The increase reflects the proposed 3-year amortization of the regulatory liability resulting from the reduction in Georgia state income tax rate, as ordered by the Commission in the Tax Reform Act.

FOOTNOTE Y/ $ 40,302 Amortization of Retired Units’ Net Book Value

The increase reflects the proposed amortization of the remaining net book values of Plant Hammond Units 1-4 over their remaining useful lives, and Plants Mitchell Unit 3, McIntosh Unit 1, Estatoah Unit 1, Langdale Units 5-6, and Riverview Units 1-2 over a 3-year period ending December 31, 2022.

FOOTNOTE Z/ $ 9,486 Amortization of Future Nuclear

The increase reflects the proposed 3-year amortization of the deferred costs approved by the Commission to investigate the option of pursuing new nuclear generation in Stewart County, Georgia.

FOOTNOTE AA/ $ 32,974 Taxes Other Than Income Taxes

Real and personal property taxes are projected to increase as a result of plant additions and increase in projected net income; the increase in payroll taxes is primarily due to projected increase in employee headcount; and municipal franchise fees (MFF) are projected to decrease at the current MFF tariff rate due to a decrease in budgeted retail revenues.



FOOTNOTE AB/ $ 128,114 Income Taxes Payable

The increase in the income tax current provision is primarily due to lower bonus depreciation timing differences in the test period versus the historic period.

FOOTNOTE AC/ $ (287,445) Deferred Income Taxes

The decrease in the net provision for deferred income taxes is primarily from the proposed amortization of protected and unprotected excess ADITs beginning in 2020 and lower bonus depreciation timing differences in the test period versus the historical period.

FOOTNOTE AD/ $ (127) Interest on Customer Deposits

The increase results from a projected increase in customer deposits balance as shown in FOOTNOTE AN/.

FOOTNOTE AE/ $ 4,087,789 Electric-Plant-in-Service

The change in electric-plant-in-service is provided by function below:



The increase in production plant is primarily due to additional environmental controls required to comply with state and federal legislation and other additions and improvements to various generating plants during the test period. These increases were partially offset by the proposed decertification of Plants Hammond and McIntosh steam facilities, and Plants Estatoah, Langdale, and Riverview hydro facilities.

The increase in transmission plant is primarily due to transmission line and substation improvements, and construction of new substations and transmission lines.

The increase in distribution plant is primarily due to construction and improvement of distribution lines and substations, and the purchase and installation of customer meters, substations, distribution transformers, and underground systems which serve new and existing customers.

The increase in general plant is primarily due to additions and capital improvements to region facilities, fleet vehicles, communication equipment, and tools and testing equipment.

The increase in intangible plant is primarily due to work management systems, security systems, and software system upgrades to corporate business systems.

FOOTNOTE AF/ $ 67,108 Nuclear Fuel

The increase is primarily driven by the impact of FOOTNOTE I/, which removes the nuclear fuel associated with Plant Vogtle Units 3 and 4 in 2018, offset by the Plant Vogtle Unit 3 initial core fuel stock moving from plant-in-service to CWIP. Nuclear fuel associated with Plant Vogtle Units 3 and 4 is removed from rate base in the test period by FOOTNOTE BR/.

FOOTNOTE AG/ $ (3,164) Electric Plant Held for Future Use

The decrease is primarily due to the commencement of construction on a future substation resulting in land associated with the project transferring to CWIP. Additional details for electric plant held for future use are provided in MFR A-5.

FOOTNOTE AH/ $ 403,993 Accum. Provision for Deprec. & Amort.

The increase is due to normal depreciation and removal costs and incorporation of new depreciation rates from the 2017 depreciation study, partially offset by proposed plant retirements of Plants Hammond Units 1-4, McIntosh Unit 1, and hydro units. Functional breakdown of the increase is as follows:



FOOTNOTE AI/ $ 5,476 Accum. Provision, Nuclear Fuel Amort.

The increase is a result of normal amortization of nuclear fuel, which is recovered through fuel rates.

FOOTNOTE AJ/ $ (36,605) Fuel and Materials & Supplies Inventory

The following is a further breakdown of the change in Fuel and Materials & Supplies Inventory:



The decrease in fuel inventory is primarily driven by a lower than anticipated coal inventory balance at the end of December 2018 which impacted projections for the rate case period and the projected impacts of the pending decertification of Plants Hammond Units 1-4 and McIntosh Unit 1. The increase in materials and supplies inventory is primarily due to the build up of spare parts inventory for Plant Vogtle Units 3 and 4, which is excluded from retail rate base in this filing as shown in FOOTNOTE BT/.

FOOTNOTE AK/ $ (51) Payables Associated with Capital M&S

The increase is due to an increase in materials and supplies inventories.

FOOTNOTE AL/ $ (58,977) Min. Bank Balances and Prepayments

The following is a further breakdown of the change in Minimum Bank Balances and Prepayments:



The decrease is primarily due to the recharacterization of prepaid levelized PPAs to a right-of-use asset based on the new lease accounting standard, which decreased prepayment by $41.4 million, and a decrease in the Plant McDonough Long-Term Service Agreement (LTSA) prepayment in the amount of $14.5 million due to the contracted outage schedule.

FOOTNOTE AM/ $ 28,123 Prepaid Pension Asset

The increase is primarily due to the expected return on pension plan assets exceeding the pension cost.

FOOTNOTE AN/ $ (9,108) Customer Deposits

The increase is primarily due to projected applications for new service and existing customers’ reconnections.

FOOTNOTE AO/ $ 2,592 Accumulated Interest on Customer Deposits

The decrease is primarily due to a larger volume of refunds of interest in December 2018, which impacted the projected 13-month average balance of accumulated interest on customer deposits for the rate case period. This is partially offset by continual accrual of interest on existing customer deposits and interest on new customer deposits in the test period.

FOOTNOTE AP/ $262,239 Operating Reserves

The decrease in Operating Reserves liability is primarily driven by the completion of the Toshiba Parent Guarantee refund to customers in August 2018; completion of federal tax reform refunds approved by the Commission in February 2020; and an increase to the following Operating Reserves asset accounts: storm damage reserve, net environmental remediation; and McDonough gas lateral receivable.



FOOTNOTE AQ/ $ (2,889) Future Nuclear

The decrease reflects the proposed 3-year amortization of the deferred costs approved by the Commission to investigate the option of pursuing new nuclear generation in Stewart County, Georgia.

FOOTNOTE AR/ $ (11,507) Environmental CWIP Regulatory Assets

The decrease is due to the continued amortization of cancelled environmental construction projects associated with Plant Branch Units 3&4 and Plant Yates Units 6&7 based on the Commission’s Order in Docket No. 36989.

FOOTNOTE AS/ $ 490,371 Retired Units’ Net Book Value Regulatory Assets

The increase reflects the proposed reclassification of the remaining net book value of Plants Hammond Units 1-4, McIntosh Unit 1, Estatoah Unit 1, Langdale Units 5-6, and Riverview Units 1-2 to a regulatory asset. The increase is partially offset by the proposed amortization of these regulatory assets and net book value of Plant Mitchell Unit 3 (Plant Hammond Units 1-4 over the useful lives of the units as approved in the 2013 base rate case and Plants McIntosh Unit 1, Mitchell Unit 3, and hydro units over a 3-year period ending December 2022), along with the continued amortization of net book value of Plant Branch Units 1-4.

FOOTNOTE AT/ $ 10,981 Obsolete Inventory

The increase reflects the reclassification of additional materials and supplies associated with the proposed decertification of units in Docket No. 42310 to a regulatory asset, partially offset by the proposed 3-year amortization of the regulatory asset balance and the adjustment approved by the Commission as part of the 2017 ASR settlement in Docket No. 36989.

FOOTNOTE AU/ $ (6,739) OPRB Retiree Drug Subsidy Tax Regulatory Asset

The decrease is due to the continued amortization of the deferred tax costs from the March 2010 Healthcare Act, as approved by the Commission in Docket No. 31958.

FOOTNOTE AV/ $ 5,093 Deferred Nuclear Outage Costs

The increase is due to normal deferral and amortization of nuclear outage costs based on the outage cycles, in accordance with the methodology outlined in the Accounting Order approved in Docket No. 4007.

FOOTNOTE AW/ $ 8,790 Tax Reform Regulatory Liability

The decrease is due to the proposed 3-year amortization of the unprotected excess ADITs previously generated by the remeasurement of federal deferred income taxes from the Tax Reform Act.

FOOTNOTE AX/ $ (1,424,285) Asset Retirement Obligation (182 & 230)

The increase is primarily due to increases in expected future ARO compliance expenditures related to the Coal Combustion Residual (CCR) rule; ARO balances in assets and liabilities in accounts 182 and 230 have no impact to retail rate base as shown in Exhibit\_\_\_(DPP/SPA/MBR-4, Schedule 5).

FOOTNOTE AY/ $ (713,760) Asset Retirement Obligation (254)

The increase primarily reflects the impact of FOOTNOTE L/, which removes the ARO liability for nuclear decommissioning funded by an external trust. The increase is offset by the projected CCR ARO compliance settlement cost outpacing recovery of those costs.

FOOTNOTE AZ/ $ 87,638 Accumulated Deferred Income Taxes -

Accelerated Amortization - Account 281

The decrease is primarily due to proposed decertification of units in Docket No. 42310.

FOOTNOTE BA/ $ 85,666 Accumulated Deferred Income Taxes-

Other Property - Account 282

The decrease is primarily due to column adjustments reflected in FOOTNOTE M/ and proposed decertification of units in Docket No. 42310, partially offset by increases in asset retirement obligations and basis differences.

FOOTNOTE BB/ $ (175,560) Accumulated Deferred Income Taxes -

Other - Account 283

The increase is primarily due to the reclassification of net book values to regulatory assets for the proposed decertification of units in Docket No. 42310.

FOOTNOTE BC/ $ 49,255 Accumulated Deferred Income Taxes -

Prepaid - Account 190

The increase is primarily due to timing differences from tax credit carry forward, federal tax reform refunds in 2018 and 2019 as ordered by the Commission in the Tax Reform Act settlement in Docket No. 36989, and 2018 ASR retail sharing refunds.

FOOTNOTE BD/ $ (82,227) Cash Working Capital

The decrease is due to the change in days that revenues are collected from customers and in days that the Company pays its suppliers in the Company’s 2018 lead/lag study, which is incorporated in the test period. Please see Appendix\_Exhibit 3 for a summary of the study. The following page provides a detailed calculation of the adjustment.