REBUTTAL TESTIMONY OF

**LARRY T. LEGG AND LAWRENCE J VOGT**

**ON BEHALF OF GEORGIA POWER COMPANY**

**GPSC DOCKET NO. 42516**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAMES, 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.

A. Lawrence J. Vogt, 21093 Pineville Road, Long Beach, Mississippi 39560. I am the President and Principal Consultant of Vogtage Engineering Corporation.

**Q. MR. LEGG AND MR. VOGT, DID YOU PRESENT DIRECT TESTIMONY AND EXHIBITS ON BEHALF OF GEORGIA POWER IN THIS PROCEEDING?**

A. Yes.

# WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of our testimony is to respond to recommendations made by the Georgia Public Service Commission’s (“Commission”) Public Interest Advocacy (“PIA”) Staff and Intervenors as they relate to rate design and cost-of-service. We note, however, that the fact that we may not specifically address a particular recommendation made by PIA Staff or an Intervenor in this testimony should not be construed as support for such position.

**Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

A. The Company’s portfolio of rates proposed in this case offers optionality for customers while supporting a gradual move toward more modern rates. Although the Company is seeking a rate increase, Georgia Power believes its proposal recovers costs in a fair and reasonable manner that better aligns the prices customers pay with the costs that drive them.

The Company has employed the minimum distribution system (“MDS”) methodology to classify customer-related costs for decades and believes it is appropriate to continue to do so in this case. While the MDS includes the customer related costs captured by the Basic Customer Method, advocated for by PIA Staff and Intervenors, it also appropriately includes the equipment costs necessary to provide safe and reliable service that are unrelated to customer demand. The Company does not support classifying or collecting such fixed customer-related costs through the variable energy portion of customer rates.

As such, the Company has proposed to gradually increase the residential Basic Service Charge (“BSC”) to better align fixed customer costs with the fixed portion of customer rates. Contrary to PIA Staff and Intervenor allegations, the Company’s proposed changes to the BSC won’t discourage energy efficiency or distributed generation, nor does it have a significant negative impact on the majority of the Company’s low-income customers. In fact, the Company’s recommended changes aim to address cost shifting that negatively impacts low-income customers by collecting fixed costs through volumetric energy-related charges. PIA Staff and Intervenor arguments for minimal or no change in the BSC would prevent the Company from sufficiently recovering the Company’s fixed costs to serve customers and will cause the Company to recover these costs through increases to variable energy rates. This method of recovering fixed costs is not in the best interest of customers or the Company.

The Company also supports a gradual movement towards modern rate designs that send price signals that more appropriately reflect costs while maintaining sufficient optionality for customers. Georgia Power has requested to begin transitioning away from the more antiquated, volumetric option of the Residential Service (R) tariff (“the ‘R’ Rate”). If approved, customers establishing service at new premises will be able to select from four of our most modern rate options. Then, after the initial year of service at those new premises, customers will be eligible for two additional rates, FlatBill and Pay by Day. Georgia Power does not support PIA Staff and Intervenor requests to modify the declining winter block rate structure or tiered blocks in the ‘R’ Rate.

Although some parties suggest that the Company should move customers to more optimal rates, to consolidate customers onto fewer tariffs ultimately limits rate choices, is contradictory to Commission rules, and potentially causes revenue erosion that shifts costs among customers. As such, the Company does not support expanding the Time of Use – Multiple Business (“TOU-MB”) tariff. Further, the Company believes its proposed edits to the Real Time Pricing (“RTP”) tariffs serve to protect other customers from the upward pressure on rates that results from the inappropriate conversion of embedded load into marginal load.

The Commission-approved Renewable and Non-Renewable (“RNR”) tariff was designed and implemented to comply with the Georgia Cogeneration and Distributed Generation Act of 2001 (“Cogen Act”) and has been approved in each Georgia Power rate case since it was initially approved. GIPL/Southface/Vote Solar’s allegations that the Company’s method of measuring customer generated energy is not compliant with the Cogen Act are unfounded. Their challenge is essentially a request to change the Company’s metering practices in order to credit customers closer to the retail rate – which is an attempt to obtain a form of retail net metering. The Company has consistently and fairly implemented the RNR tariff since 2002 and the Commission should not give undue weight to this Intervenor’s challenge.

The Company understands that customers consider many factors when choosing a rate, such as economics, price risk and bill stability, and believes that its recommended portfolio of rates maintains these options, progresses toward greater rate modernization, and allows the Company to appropriately collect the necessary costs to continue to provide safe, reliable, and affordable electric service.

**Q. HOW IS THE REMAINDER OF YOUR TESTIMONY STRUCTURED?**

A. In Section II we discuss the appropriateness of the Company’s use of MDS in the cost-of-service study (“COSS”). We then discuss and respond to criticism regarding the Company’s proposed changes to the BSC in Section III. In Section IV, we respond to critiques of the Company’s portfolio of residential and commercial rates as well as criticisms of Georgia Power’s rate design. Section V responds to criticism of the Company’s implementation of the RNR tariff and its compliance with the Cogen Act. Finally, Section VI discusses the Company’s support for and position on supplying customers with greater access to their usage data.

**II. MINIMUM DISTRIBUTION SYSTEM**

**Q. WHAT IS MDS?**

1. MDS is that portion of the total costs of facilities that make up the primary voltage lines, the line transformers, and the secondary voltage lines that are independent of customers’ load requirements. Primary and secondary voltage lines and transformers are examples of the types of equipment necessary to provide service to customers for which the costs are difficult to classify as either demand-related or customer-related. The MDS methodology serves to separate the costs of these distribution facilities into their respective demand-related cost components and customer-related cost components on the basis of cost causation. As previously stated in Mr. Vogt’s Direct testimony, MDS represents the customer-related “readiness to serve a customer” costs that are independent of how much electricity the customer consumes. MDS-identified costs are not the portion of distribution facilities that provide capacity needed to meet a customer’s demand requirements, and they are appropriately classified as demand-related costs.

**Q. WHAT CONCERNS HAVE BEEN RAISED WITH THE COMPANY’S USE OF THE MDS?**

A. PIA Staff supports the use of MDS in the COSS but believes it should not be used to determine the BSC, favoring instead the Basic Customer Method. PIA Staff claims that the MDS methodology is too theoretical in that it seeks to assign costs to customers for MDS-classified equipment that are not real incremental costs. PIA Staff also asserts that basing the MDS methodology on a statistical relationship between the unit cost and size of various secondary distribution system equipment is inconsistent with other cost-of-service accounting used by the Company. Further, PIA Staff questions industry support for the methodology since it is not explicitly endorsed by the NARUC Electric Utility Cost Allocation Manual or by Bonbright.

**Q. HOW IS THE BASIC CUSTOMER METHOD DIFFERENT FROM THE MDS METHODOLOGY?**

A. While the costs identified using the Basic Customer Method are actual costs that should be assigned to each customer through the BSC, it only includes a portion of the costs that should be assigned as customer-related. MDS includes not only the costs identified using the Basic Customer Method but also equipment necessary to provide safe and reliable service that is not based on a customer’s demand and should be allocated as a customer-related cost.

**Q. IS PIA STAFF CORRECT THAT THE NARUC MANUAL EMPHASIZES CLASSIFYING CUSTOMER-RELATED COSTS ON THE BASIS OF HOW WELL THEY VARY DIRECTLY WITH THE NUMBER OF CUSTOMERS ON THE SYSTEM?**

A. Yes. The NARUC manual not only states that “[t]he customer component of distribution facilities is that portion of costs which varies with the number of customers,” but also provides that as a result of this “the number of poles, conductors, transformers, services, and meters are directly related to the number of customers on the utility’s system.”[[1]](#footnote-1)

**Q. ARE GEORGIA INTERFAITH POWER & LIGHT (“GIPL”), SOUTHFACE ENERGY INSTITUTE (“SOUTHFACE”), VOTE SOLAR’S CHARACTERIZATION OF NARUC’S VIEWS ON MDS ACCURATE?**

A. No, their characterization of NARUC’s views is misleading. They reference a 2000 NARUC report to indicate an endorsement of the Basic Customer Method as the most common method for classifying customer-related costs. In fact, the report, which is written by the Regulatory Assistance Project and not NARUC, explicitly states: “The views and opinions expressed herein are strictly those of the authors and may not necessarily agree with, state, or reflect the positions of NARUC….”[[2]](#footnote-2) Furthermore, GIPL/Southface/Vote Solar state that the NARUC manual critiques the Zero-Intercept method for producing “unreliable results.” This argument is also misleading and fails to capture the full context of the quote. The reference to unreliable results specifically refers to instances when the analysis produces negative Y-intercepts, which does not occur in the Company’s COSS.

**Q. DO PIA STAFF AND GIPL/SOUTHFACE/VOTE SOLAR ACCURATELY CAPTURE BONBRIGHT’S OPINION OF THE MINIMUM DISTRIBUTION SYSTEM?**

A. No. PIA Staff and GIPL/Southface/Vote Solar selectively quote Bonbright to claim that the inclusion of MDS among customer-related costs is indefensible. (Tr. 1750, 1997.) As presented, this implies that Bonbright would not support including MDS in customer-related costs. However, the full quote from Bonbright reaches the exact opposite conclusion: “[w]hile for the reason just suggested, the inclusion of the costs of a minimum-sized distribution system among the customer-related costs seems to us clearly indefensible, ***its exclusion from the demand-related costs stands on much firmer ground***.”[[3]](#footnote-3) If not allocated as a demand-related cost, MDS must be recovered in customer-related costs since it clearly is not an energy-related cost that varies with the amount of electricity a customer uses. Bonbright further recognizes that utilities must distribute all costs in a fully-distributed cost analysis and that one cannot “plausibly impute” these costs into any other cost category but customer-related.[[4]](#footnote-4)

**Q. HAS THE COMPANY PREVIOUSLY USED THE MDS METHODOLOGY IN ITS COSS?**

1. Yes. As previously stated in Mr. Vogt’s Direct testimony, Georgia Power has filed cost-of-service studies that include an MDS analysis for several decades.

Q. WHILE the METHODOLOGY HAS not CHANGED since the 2013 coss, WERE there any changes to THE mds ANALYSIS since then?

1. Yes. The Company continually makes refinements to its analyses to provide this Commission with the best information to make decisions. Two of these refinements have been discussed by PIA Staff and Intervenors: (i) classification of protection equipment as exclusively customer-related; and (ii) implementation of a specific Zero-Intercept analysis for padmount transformers. While the Company stands by these changes, for the Commission’s reference, and to demonstrate the minimal impact of these two refinements, the Company removed them from the analysis as shown in Exhibit LTL/LJV-1.

Q. Why did the company make these refinements in the COSS USED IN THIS RATE CASE?

A. The 2019 COSS classified protection equipment as customer-related because there is no demand cost driver for this investment. This equipment is installed on the primary voltage lines and function together to provide distribution system protection under short circuit conditions. The protection equipment functions the same with or without load connected to the energized circuit because it responds to the severe overcurrent situation caused by a fault. Since the operation of this equipment is independent of load, these devices are classified as customer-related. This direct classification approach better recognizes the cost causation characteristics of the protection equipment compared to separating its cost on the basis of the overhead conductor cost separation, as noted in the NARUC Electric Utility Cost Allocation Manual.

The 2019 COSS also independently calculated customer-related costs for padmount transformers from overhead transformers since the installed costs of padmount transformers are significantly higher than overhead transformers for the same amount of capacity. The MDS analysis in 2013 understated the customer-related costs for padmount transformers because it used the same Zero-Intercept analysis developed for overhead transformers as a proxy. The Company still believes it is appropriate to separately calculate the zero-intercept of padmount transformers and overhead transformers and to classify protection equipment as customer-related. For comparison purposes, the Company removed these refinements for the development of Exbibit LTL/LJV-1 and deployed the allocations utilized in the 2013 COSS for protection equipment and padmount transformers.

Q. Why doES Exhibit LTL/ljv-1 exclude these modifications for this rebuttal?

A. The Company has presented Exhibit LTL/LJV-1 without these two refinements for comparison purposes only to show their minimal impact on the Company’s BSC request presented in this case.

Q. What IS the impact of THIS MOdiFICATION to the coss?

1. The impact of removing the Company’s two refinements that were challenged by PIA Staff and Intervenors is minimal and does not change the Company’s requests. These results, which provide a more direct comparison with previous studies, show customer-related costs for the ‘R’ Rate of over $21 per customer per month, which is similar to the amount shown in the Company’s original study.

**Q. HAVE THE IMPACTS OF MDS ON GEORGIA POWER’S FILED COST-OF-SERVICE STUDIES BEEN STABLE OVER TIME?**

A. Yes, they have been remarkably stable. Removing the two refinements from MDS costs produces a percentage of overall customer-related costs for the ‘R’ Rate that have steadily ranged from 30% to 33% over several filed studies.

**Q. DO YOU AGREE WITH PIA STAFF’S RECOMMENDATION TO REMOVE THE MDS COSTS AS A BASIS FOR SETTING THE BASIC SERVICE CHARGE OR STRIP OUT THE MDS EFFECTS ON THE MONTHLY BSC CHARGE IT PROPOSES?**

A. No. The Company has employed the MDS methodology in its COSS to determine the customer-related portion of Georgia Power’s distribution system costs separate from the demand-related costs customers place on the system for electricity in every rate case for over 30 years. The Company’s use of the MDS to classify customer-related costs has been consistent and parity adjustments have been made by the Commission based on this methodology.

**Q. DOES PIA STAFF OR INTERVENOR CRITICISM OF MDS HAVE A MATERIAL IMPACT ON THE PRICING RECOMMENDATIONS MADE BY THE COMPANY IN THIS CASE?**

A. No.

**III. BASIC SERVICE CHARGE**

**Q. PIA STAFF ASSERTS THAT THE COMPANY’S PROPOSED PHASE IN OF THE INCREASE IN BASIC SERVICE CHARGE DOES NOT SATISFY THE GRADUALISM PRINCIPLE OF RATEMAKING. IS THIS TRUE?**

A. No. Gradualism in rate design is determined by the impact to customer bills from any and all changes to the actual design of the rates, parity adjustments, and other bill drivers. Isolating a single component of a rate does not mean that the whole rate design proposal by the Company is not gradual because all components of the rate collectively are used to determine the overall impact to customer bills. While the Company has proposed to make larger adjustments to the BSC component of the rates within the Domestic Group, the overall design of the rate is tailored to collect the same total revenues from all customers by making smaller adjustments to other components of these rates.

The Company’s COSS revealed that residential customer-related costs totaled $20.87 as shown in Exhibit\_\_\_LTL-1. The Company’s proposed increase in the BSC from $10 to $14.95 in the first year and then to $17.95 by year three of the Company’s proposed Alternate Rate Plan (“ARP”) is gradual when compared with moving all the way to the $20.87 calculated cost to serve. Further, the step increases are gradual when compared against the test year rate design that was included in the Company MFRs that increased the BSC to $17.95 in 2020. This incremental proposal was tailored to specifically support a gradual transition and to help mitigate the impact to customer bills from the rate design change.

**Q. IS THE COMPANY USING THE FINAL RESULT OF THE CUSTOMER-RELATED COST ANALYSIS THAT INCLUDES MDS TO SET THE BSC FOR RATES WITHIN THE DOMESTIC GROUP?**

A. No. The MDS study is used to inform the BSC rather than to set the actual BSC amount for rates within the Domestic Group. The distribution costs classified by MDS in the COSS are necessary to appropriately allocate the costs between the customer-related or demand-related functions. These are legitimate costs to serve customers and are correctly recognized as customer-related costs, which then informs rate design to properly recover such costs through appropriately designed charges.

**Q. DOES PIA STAFF DISAGREE WITH THE COMPANY’S NEED TO COLLECT ITS COSTS FROM CUSTOMERS?**

A. No. PIA Staff does not dispute the Company’s need to collect its revenue requirement from customers or the amount to be collected. Rather, PIA Staff simply disagrees with classifying certain distribution costs as customer-related and including them in the BSC.

**Q. WHAT IS THE IMPACT OF NOT PROPERLY INCLUDING CUSTOMER-RELATED COSTS IN THE BSC?**

A. If customer-related costs are not recovered through the BSC, these costs must be recovered elsewhere, which leads to cost shifting. PIA Staff acknowledges that lowering the BSC “would likely result in higher energy charges to align rates to recover the revenue requirement, all else being equal.” (Tr. 1674-75.) PIA Staff prefers that the increase in the cost to serve customers be collected through the variable, energy portion of the rate.

However, this fails to properly align fixed costs with the fixed portion of the rate, such that some customers will be paying a greater share of the fixed costs caused by other customers who reduce their energy usage through energy conservation efforts or through deployment of distributed generation. While the Company supports energy efficiency and distributed generation, this cost shifting has a disparate impact on higher usage, low-income, customers who have fewer resources to invest in energy efficiency and distributed generation. Thus, not only does maintaining the status quo support existing cross subsidies, it also can be detrimental to a significant portion of the Company’s low-income customers.

**Q. DOES THE COMPANY’S PROPOSED INCREASE IN THE BSC DISCOURAGE CUSTOMERS FROM CONSERVING ENERGY, IMPLEMENTING ENERGY EFFICIENCY MEASURES, OR INSTALLING DISTRIBUTED GENERATION?**

A. No. The Company’s proposed rate design actually increases the value of conservation, energy efficiency, and distributed generation. The Company’s rates proposed in the ARP include higher energy charges for all rates within the Domestic Group, which provides a greater financial incentive to pursue these options in the future.

**Q. WHAT IS THE IMPACT OF THE PROPOSED INCREASE IN BSC ON LOW-INCOME CUSTOMERS?**

A. Contrary to the testimony of many parties, low-income customers on average are minimally impacted by the change to the BSC. As previously shown in the response to data request STF-PIA-8-8, the average low-income customer as identified in demographical data sourced from Acxiom uses only slightly less energy than the average residential customer.

Additionally, many low-income customers use more electricity than the average customer – including those who receive Low Income Home Energy Assistance Program (“LIHEAP”) and pledges of assistance from outside agencies. In those cases, the increase to the BSC would benefit these customers and result in a lower bill impact.

**Q. IS IT REASONABLE TO USE A CUSTOMER WITH ONLY 200 KWH OF USAGE IN A MONTH AS AN EXAMPLE FOR THE EFFECT ON CUSTOMERS FROM GEORGIA POWER’S RATE CASE?**

A. No. As a result of the current ‘R’ Rate structure with a fixed and variable portion only, the increase in the BSC will have a slightly larger impact on low energy users because the BSC will make up a greater share of the low use customers’ bills. However, the example provided by PIA Staff for the Domestic Group provides an unrealistic data point since customer usage of 200 kWh per month or less all year is very rare. In fact, this level of usage is approximately equal to just the combination of indoor lighting and a refrigerator for a traditional residence. Therefore, 200 kWh per month likely reflects a home that is often vacant or possibly a vacation home – not a normal inhabited residence. A typical residential customer uses about 1,000 kWh a month and is likely to see an increase of 7.22% in 2020, 1.75% in 2021 and 2.74% in 2022. This is a compounded retail impact over three years of 12.08%, not the 20% PIA Staff claims.

**Q. IS THE COMPANY’S PROPOSED PRORATION OF THE BSC ON A DAILY BASIS RATHER THAN MONTHLY BASIS GOOD FOR CUSTOMERS?**

A. Yes. By prorating the BSC on a daily basis, the Company seeks to match the BSC to the exact number of days of service to better ensure that similarly situated customers are getting the same service for the charges they’re paying. Under the current monthly BSC construct, the BSC is determined each month for a “monthly” period of service ranging from 25 days to 36 days. This means that a residential customer could pay the BSC for 25 days of service while a similarly situated customer pays the same BSC for 36 days. To mitigate this potential inequity, the Company’s proposal is to set the BSC on a daily basis to more accurately and fairly align the cost-of-service with the service received. Contrary to PIA Staff’s assumption, the discrepancy in monthly determination of the BSC is not because of differing month length but more critically because some customers may be getting fewer days of service for the same price as others receiving more. The Company does not believe that this is a “complicating change” and customers will still receive a monthly bill with the BSC simply determined on a per day basis.

**Q. IS IT TRUE THAT THE EFFECTIVE CHANGE IN THE BSC IS GREATER THAN THE COMPANY STATES BECAUSE THE IMPACTS OF THE PROPOSED RATE INCREASE ARE HIGHER ONCE RIDERS ARE ADJUSTED AS CLAIMED BY GIPL/SOUTHFACE/VOTE SOLAR WITNESS BARNES?**

A. No. Footnote 1 to Exhibit LTL-1, which shows the impact of the proposed change in the BSCs for the Company’s rates, states that the appropriate riders have already been accounted for in the calculation. Therefore, no additional adjustment is required to demonstrate the effect of the Company’s proposed increased. The ‘nominal change’ and ‘effective change’ described by GIPL/Southface/Vote Solar Witness Barnes is a meaningless distinction since the Company’s stated impacts to customers already accounts for the effects of the riders.

**Q. DO YOU HAVE ANY CONCERNS ABOUT PIA STAFF’S RECOMMENDATIONS FOR THE SENIOR CITIZEN LOW-INCOME DISCOUNT?**

A. Yes. First, PIA Staff recommends expanding the eligibility criteria for the senior citizen low-income discount to include households with two senior citizens with combined incomes that fall below 200 percent of the federal poverty guidelines for a two-person household. Second, PIA Staff recommends that the same level discount be applied to each qualifying household. The concern with PIA Staff’s recommendation is that it would either result in an erosion of the benefit afforded to participants in the current senior low-income discount program or it would greatly increase the subsidy being spread to other customers. From the responses provided by Staff during cross examination, it is still not clear what changes are being recommended or how existing participants would be impacted, and the Company therefore recommends leaving the existing program as-is.

**Q. DOES THE COMPANY SUPPORT PIA STAFF’S PROPOSAL TO ESTABLISH AN INCOME QUALIFIED WORKING GROUP?**

A. No. An Income Qualified Working Group is not necessary to leverage the Company’s assistance programs to income qualified customers or to inform the Company’s next rate case. The Company’s Energy Assistance Team is continuously working with community programs and leaders to address the needs of low-income customers. A working group will not enhance those efforts nor make them more efficient. In addition, all participants in this rate case were afforded the opportunity to propose changes to the existing programs or to introduce new low-income programs that they deemed beneficial. However, no specific programs or recommendations have been made, and the Company proposes to continue offering its current array of programs and outreach to support customers in need.

**Q. DOES THE COMPANY ALREADY OFFER OR SUPPORT PROGRAMS THAT ASSIST LOW INCOME CUSTOMERS?**

A. Yes. As mentioned above, Georgia Power’s Energy Assistance Team works in local communities talking to groups who represent low-income customers, advising on programs, and coordinating with governmental agencies to address the needs of low-income customers, such as the Low-Income Home Energy Assistance Program (“LIHEAP”). The Company also partners with Project SHARE to help customers pay their bills. In addition, Georgia Power offers options like FlatBill and budget billing, which help lower income customers by keeping the monthly bill amount more stable and predictable each month, along with PrePay, which can help customers who fall behind on payment of their electric bills. Finally, Georgia Power’s DSM programs aim to help low income customers through the installation of energy efficiency measures and other conservation efforts to save customers money.

**IV. RATES**

*Modern Rates and Optionality for Customers*

**Q. WHAT DOES THE COMPANY MEAN WHEN IT PROPOSES TO MODERNIZE RATES?**

A. In general, the Company proposes to modernize its rates to be more cost reflective, utilize current technology, and adjust to changing customer behaviors and preferences. To support these objectives, the Company proposed the following changes:

* Improve the design of its rates by aligning the BSC to more closely reflect the customer-related costs identified in the COSS.
* Grow the number of customers on more modern rates in the Company’s portfolio that send price signals that more appropriately reflect costs.
* Introduce new rate offerings to expand the rate choices available to customers.

**Q. DOES PIA STAFF AGREE WITH MODERNIZING RATES?**

A. Yes. PIA Staff “supports marketing and education to grow customer adoption of modern rates in the Georgia Power service territory to encourage customers to choose rates that can both benefit customers and the economic usage of the Georgia Power system.” (Tr. 1721.) PIA Staff agrees with the Company’s recommendations to ease customers’ transition to modern rates and argues that the Company should be as aggressive in marketing its other rate options as it does in marketing its FlatBill program.

**Q. DOES THE COMPANY SUPPORT THE RECOMMENDATION BY GIPL/SOUTHFACE/VOTE SOLAR TO PROVIDE CUSTOMER GUARANTEES FROM HIGHER BILLS WHEN SWITCHING TO MORE MODERN RATES?**

A. No. The Company does not support a one-year bill guarantee that was recommended by GIPL/Southface/Vote Solar. This would likely create revenue erosion which would put upward pressure on all rates. In addition, it would put a significant administrative burden on the Company’s customer service organization and would require additional costs to support this level of tracking. This, too, would create upward pressure on all rates. Finally, providing a guarantee to customers removes any and all incentive to pay attention to and respond to price signals. As a result, these guarantees may not produce the results or behaviors expected by customers on modern rates.

**Q. IS THE LOW CUSTOMER PARTICIPATION TO DATE IN THE COMPANY’S TIME OF USE (“TOU”) RATES NECESSARILY A REFLECTION OF POOR MARKETING OR EDUCATION INITIATIVES?**

A. No. Please see the response to data request STF-PIA-7-6 for a more thorough explanation, but generally the primary reason for the low participation on TOU rates is that customers are typically enrolled on the ‘R’ Rate when they establish service. From that point, there are very few engagements where the customer may inquire about rate options and customers tend to be reluctant to change rates without a promise of substantial savings. Additionally, the Company’s success in keeping rates low has not driven customers to seek out alternative rate options based on cost alone.

**Q. WHY ARE THREE-PART RATES THE MOST COST-REFLECTIVE RATES?**

A. Costs in the COSS are allocated by customer, demand and energy. To most accurately reflect and align costs in prices, all cost components should be accounted for in the rate design. When the demand component is left out, demand-related costs must be recovered from the energy component, creating a mismatch where the collection of revenues is not in line with how the utility incurs costs.

**Q. DOES PIA STAFF DISAGREE WITH THE USE OF THREE-PART RATES SUCH AS TIME OF USE – RESIDENTIAL DEMAND (“TOU-RD”)?**

A. No. PIA Staff recommended approval of the TOU-RD rate in the 2013 rate case as an appropriate rate option for residential customers.

**Q. PLEASE RESPOND TO PIA STAFF’S OBJECTION TO A DEMAND CHARGE BASED ON A CUSTOMER’S NON-COINCIDENT PEAK DEMAND?**

A. PIA Staff asserts that a demand charge based on a customer’s non-coincident peak demand sends a poor price signal. However, there is a “coincident peak” price signal in TOU-RD through the on-peak energy price during the hours of 2:00pm to 7:00pm on summer weekdays, which sends a price signal to encourage customers to avoid the highest cost hours to the system. There are multiple demand costs to cover in a demand charge, including distribution costs, which are based on non-coincident peak. Thus, using the existing time of use price signal keeps the rate simpler and easy to understand. In addition, it helps customers avoid extreme bill swings in summer months.

**Q. DOES THE COMPANY’S PROPOSED RATE PORTFOLIO OFFER SUFFICIENT OPTIONALITY FOR RESIDENTIAL CUSTOMERS?**

A. Yes. If the Company’s proposal is approved, current residential customers will have seven rate options. Compared to other investor-owned utility tariff portfolios, we believe Georgia Power’s proposed options would be one of the most robust and advanced tariff portfolios in the nation. Georgia Power has requested to begin transitioning away from the more antiquated, volumetric option of the ‘R’ Rate. If the Company’s proposal is approved, customers establishing service at new premises will be able to select from four of our most modern rate options. Then, after the initial year of service at those new premises, customers will be eligible for two additional rates, FlatBill and Pay by Day.

*Residential Rates*

**Q.****DID THE COMPANY PERFORM A SURVEY TO GAUGE ITS CUSTOMER’S PREFERENCE OF RESIDENTIAL RATE OPTIONS?**

A.Yes, the Company used both Southern Company Services and a third-party consultant to compare residential rate options and surveyed the Company’s residential customers to solicit their rate preferences. The survey results indicated that FlatBill was the most preferred and the Company’s Smart Usage rate (TOU-RD) was the second most preferred residential rate option. The Company exercised caution and used best business practices to avoid introducing bias to the survey. The description of each rate was pared down to quickly and easily communicate the most important points of the rate. No rate option was explained in greater detail than another and no rates were described as offering savings as a benefit. Further, the descriptions were randomized and balanced to eliminate order bias. The sample was statistically significant of the Company’s demographics and had approximately 1,000 respondents.

**Q. IS THE RATE PREFERENCE SURVEY THE ONLY INDICATION OF FLATBILL’S POPULARITY?**

A.No. While the rate preference survey indicated that that FlatBill rate is most preferred when compared to other residential rates, this result only further supports the data the Company has already identified from the approximately 300,000 customers on this rate. The Company has offered the FlatBill rate to customers for close to 20 years and it is the most popular voluntary rate option. In the Company’s annual residential satisfaction survey, the Customer Value Benchmark, the Company has consistently seen higher general satisfaction scores from customers on FlatBill compared to customers who are not on FlatBill. In addition, the Company has seen that customers who start on FlatBill usually renew and remain on FlatBill for many years, further indicating customer satisfaction with the rate.

**Q. WHY IS THE COMPANY PROPOSING TO REMOVE THE FLATBILL REQUIREMENT THAT CUSTOMERS MUST HAVE BEEN IN THEIR CURRENT RESIDENCE OVER THE PREVIOUS 12 MONTHS?**

A. As noted earlier, FlatBill is Georgia Power’s most popular voluntary rate option as many customers value the predictability and stability of a 12-month fixed bill. Removing the FlatBill requirement that a customer must have 12 months of usage history at their current residence allows the Company to expand this popular rate option by making it available sooner. In situations where a customer has less than 12 months of usage history at their residence, prior usage history from that premises will be used to develop the FlatBill offer. To study the impacts of this change, the Company conducted a “FlatBill First Year” pilot beginning in June 2018. This pilot confirmed that customers find tremendous value in such a rate option with a 53% take rate, a 93% renewal rate, and a mean satisfaction score of 8.3 out of 10 on the end-of-program survey. The overwhelming take rate of FlatBill First Year indicates a strong customer preference for this type of rate offering, and the high renewal rate and positive survey responses indicate their continued satisfaction with the rate throughout their contract term.

**Q. PLEASE COMMENT ON STAFF’S CONCERNS THAT CUSTOMERS CHOOSING THE FLATBILL FIRST YEAR PILOT COULD BE OVERBILLED OR UNDERBILLED COMPARED TO THE ‘R’ RATE.**

A. The FlatBill tariff is intentionally structured to offer customers a flat, consistent bill each month of the year based on the prior 12-month historical usage at the customer’s residence with no true-up. Because the customer pays a flat amount each month, by definition the customer will pay more or less than compared to a traditional bill for their actual usage. However, for many customers the value of predictability and bill stability outweighs the potential over/under paying. Georgia Power understands that not all customers may be interested in participating in such a program, therefore participation in FlatBill is completely voluntary. However, for those customers who do participate, the feedback has been resoundingly positive, especially from the FlatBill First Year pilot participants, as demonstrated by their 93% renewal rate.

**Q. DOES THE FLATBILL PROGRAM PROVIDE A PRICE SIGNAL TO CUSTOMERS?**

A. Yes, there is a price signal in the FlatBill program. Even GIPL Witness Gilliam acknowledged that informing a customer that their renewal offer for FlatBill is based on their prior year’s usage is a form of price signal. (Tr. 2010.) The Company’s FlatBill customers typically and overwhelmingly continue to renew on FlatBill for several years after their initial year on the program. The renewal offers are based on the customer’s usage over the previous 12 months, and therefore any increase or decrease in usage manifests itself in the renewal offer for the subsequent year.

**Q. WHY IS THE BUDGET BILL FIRST YEAR PROGRAM AN INADEQUATE SUBSTITUTE FOR THE COMPANY’S FLATBILL FIRST YEAR PROGRAM?**

A. The Company has considered both FlatBill First Year and Budget Bill First Year programs and concluded that Budget Bill First Year does not adequately meet customers’ fundamental desire for bill stability. Customers are typically drawn to programs like FlatBill and Budget Bill for the same reason: to levelize their monthly bills. However, the two programs operate very differently. FlatBill offers are guaranteed to be fixed for the entire contract period with no true-up, whereas Budget Bill can vary from month-to-month and requires a true-up each year. The frequency of monthly changes in Budget Bill amounts was amplified on the Budget Bill First Year pilot with over 80% experiencing a change to their bill amount throughout the 12-month period and 50% of customers experiencing two or more such changes. The end-of-pilot surveys clearly showed that some participants were dissatisfied and confused by the frequent bill changes they experienced. Put simply, customers arrive at rate options like FlatBill and Budget Bill with a desire to stabilize their monthly bill amounts. Budget Bill amounts can vary substantially from month-to-month and may not meet the customers’ fundamental desire for a levelized billing option. FlatBill, including FlatBill First Year, does meet this customer desire, has no true-up component, and received a higher satisfaction score on its end-of-program survey than Budget Bill First Year.

**Q. DOES THE COMPANY SUPPORT THE RECOMMENDATION BY GIPL/SOUTHFACE/VOTE SOLAR TO ELIMINATE THE ADMINISTRATIVE COST WITHIN THE PREPAY RATE BASIC SERVICE CHARGE?**

A. No. The benefits identified by GIPL/Southface/Vote Solar in testimony (reduced uncollectible accounts, etc.) have been accounted for in the budgeting process and have accrued to the benefit of all customers. The additional $0.20 per day included in the BSC for PrePay customers is necessary to recover the administrative costs specific to the PrePay program. The design of the rate – including the basic service charge – was vetted and approved by the Commission in 2014. If the additional administrative costs of the PrePay program are not paid for by the participants in the program, other customers will have to pay these costs which will result in higher rates for non-PrePay participants.

**Q. WHAT ARE THE BENEFITS OF THE PAY BY DAY PROGRAM?**

A. This new rate option combines the convenience and control of PrePay with the predictability of FlatBill. The rate operates like PrePay but customers are offered a fixed daily price that does not fluctuate for an entire year. Some of those benefits identified by customers are that the rate is easy to understand, and it is easy to budget. Customers experience less stress knowing what the daily cost will be and not having to worry about higher summer charges when PrePay prices are higher and usage increases. Customers also like avoiding high deposits and having the ability to pay off arrears amounts.

**Q. DID COMMISSION STAFF NOTIFY THE COMPANY THAT CUSTOMERS HAD MADE COMPLAINTS ABOUT THE PAY BY DAY PROGRAM?**

A. No.

**Q. PLEASE RESPOND TO PIA STAFF’S CONCERNS ABOUT THE DISCONNECT BETWEEN WINTER RELIABILITY CONCERNS IN THE COMPANY’S 2019 IRP AND THE ALLEGED ABSENCE OF SEASONAL PLANNING CONSIDERATIONS IN THE COSS AND RATE DESIGN PROPOSALS.**

A. PIA Staff criticizes the Company for failing to discuss seasonal planning in its COSS and rate design and recommends the Company evaluate monthly coincident peaks when summer and winter peak demands occur using an 8-CP method. However, since Georgia Power adopted seasonal planning, the Company’s use of the 12-CP approach is now an even stronger approach than in the past. The Company must plan to have sufficient generation to serve its customers in all twelve months of the year and the 12-CP method appropriately captures the summer and winter peaks targeted through seasonal planning.

As noted in the Company’s response to data request STF-DEA-1-1, Georgia Power forecasts to remain a summer peaking utility. While the IRP identified winter reliability concerns, the Company’s rate designs remain appropriate to address the forecasted peak loads and higher marginal costs that occur in summer months.

**Q. DO YOU AGREE WITH PIA STAFF AND GIPL/SOUTHFACE/VOTE SOLAR’S RECOMMENDATIONS TO REPLACE THE DECLINING WINTER BLOCK RATE STRUCTURE WITH A FLAT ENERGY RATE?**

A. No, the Company originally designed the residential rate to reflect the seasonality of costs to serve residential customers. The increasing price blocks in June through September reflect the fact that the Company’s costs are higher in the summer months. The increasing price structure provides incentives for energy efficiency and conservation. The declining block structure in the winter months recognizes that off peak costs are lower and provides price signals to reflect this reality. The declining block structure provides an economical option for customers choosing to use electric-based heating. The prices are set to more than cover the Company’s marginal costs and resulting revenues place downward pressure on rates for all customers.

**Q. DO YOU AGREE WITH PIA STAFF’S RECOMMENDATIONS TO REEXAMINE THE BREAKPOINTS IN THE COMPANY’S TIERED BLOCK ENERGY RATES?**

A. No. Georgia Power continues to support the reasonableness of the current breakpoints. The first breakpoint, set at 650 kWh, represents the average consumption of electricity for basic, non-weather sensitive residential loads. The Company provided the history and basis for the design of the ‘R’ Rate in the response to STF-PIA-5-20.

**Q. WHY IS IT INAPPROPRIATE TO DEVELOP AN ULTRA-LOW USE BLOCK RATE FOR RESIDENTIAL CUSTOMERS ON THE ‘R’ TARIFF?**

A. If the residential block tiers were modified to include a tier for 150 kWh or below, the energy rate for that block would have to be dramatically increased in order for the Company to recover the costs to serve such “ultra-low” use customers. Given PIA Staff’s position on the impact of the Company’s proposed increase to the BSC for low use customers, without increasing the energy charge for the ultra-low use customers, the tier change suggested by PIA Staff does not properly recover cost.

**Q. WHAT OTHER ISSUES DOES THE COMPANY HAVE WITH PIA STAFF’S PROPOSAL TO MAKE MAJOR MODIFICATIONS TO THE ‘R’ RATE?**

A. PIA Staff is proposing several modifications to the ‘R’ Rate without any analysis or discussion regarding the impacts these changes would have on a large number of customers who are currently on that rate. The ‘R’ Rate currently serves over 1.8 million customers and it is not clear that PIA Staff has considered how their proposed modifications will be received or what steps should be taken in advance to educate customers prior to the implementation of such significant changes. Unlike moving customers to a new rate at the initiation of service or having rates available for customers to select at any point in time, PIA Staff is proposing to fundamentally alter a rate through which Georgia Power’s largest number of customers are being served without due consideration of the immediate impacts to those customers or how they might respond. This appears to be in fundamental opposition to any form of gradual movement as PIA Staff appears to advocate for in testimony. Further, the ‘R’ Rate is not modern, and it would be inconsistent to overhaul that rate while trying to transition customers to more modern rates.

**Q. IS THE COMPANY PROPOSING TO ELIMINATE THE ‘R’ TARIFF?**

A. No. It is a mischaracterization to describe the Company’s proposal as eliminating the ‘R’ Rate. Rather, the Company is proposing to close the ‘R’ Rate to new premises as the initial step in Georgia Power’s gradual movement towards more modern rate designs that send price signals that more appropriately reflect costs. Existing customers currently on the ‘R’ Rate will not be removed from the ‘R’ Rate or forced to select a new rate, nor would existing customers currently on the ‘R’ Rate who move to another existing premises.

**Q. HOW DOES THE COMPANY DEFINE A NEW PREMISES?**

A. A new premises is defined as a premises establishing service at a location that has never previously received service from Georgia Power. This is usually the result of new construction but can also be a conversion of an existing single-family premises to multi-family.

**Q. IF THE ‘R’ TARIFF IS CLOSED TO NEW PREMISES, WHAT RATE OPTIONS REMAIN FOR CUSTOMERS WITH NEW PREMISES?**

A. Customers with new premises seeking to establish service will be able to select their new rate from the remaining residential rate options, including: TOU-RD; Time of Use – Residential Energy Only (“TOU-REO”); Time of Use – Plug-in Electric Vehicle (“TOU-PEV”); or PrePay. If a customer at a new premises does not select a rate option, the Company has proposed to use the TOU-RD rate as the new default rate for the residential customer class in lieu of the ‘R’ Rate.

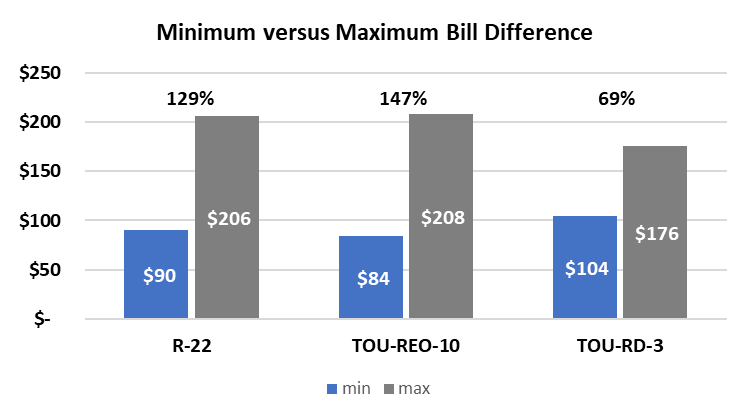
**Q. IS THE COMPANY’S DECISION TO USE THE TOU-RD RATE AS THE NEW RESIDENTIAL DEFAULT RATE FOR NEW PREMISES A MANDATE TO FORCE CUSTOMERS ONTO A DEMAND RATE?**

A. No. The TOU-RD rate will only be set as the default for a new residential premises if a customer does not select a different rate. Proposing to use TOU-RD as the new default residential rate is not a mandate or requirement to force residential customers onto a specific rate.

**Q. WHY IS THE TOU-RD RATE A BETTER DEFAULT RATE THAN TOU-REO AS PROPOSED BY PIA STAFF?**

A. TOU-RD is a modern, three-part rate that sends price signals that more appropriately reflect costs. In addition, the TOU-RD rate is less volatile than the TOU-REO rate from a monthly billing standpoint. As a default rate for residential customers, the Company recommends using the comparatively less volatile rate, TOU-RD. Further, PIA Staff Witness Faryniarz admitted that Staff failed to investigate the rate volatility of the TOU-REO rate compared to the other rate options before making their recommendation. (Tr. 1761.) An example of the bill volatility between the ‘R’ Rate, TOU-REO and TOU-RD for the average residential customer is shown below in Figure 1. This shows that TOU-RD is much less volatile than either TOU-REO or the ‘R’ Rate when comparing the difference between minimum and maximum bills over a given year.

**Figure 1**



**Q. PLEASE RESPOND TO PIA STAFF’S ASSERTION THAT TOU-RD WILL BE CONFUSING TO NEW CUSTOMERS WHO DON’T HAVE ENOUGH EDUCATION ON THE RATE OR ACCESS TO DATA TO MINIMIZE THEIR BILLS.**

A. Georgia Power disagrees with PIA Staff’s assertion that customers cannot understand the TOU-RD rate. Customers understand that when pricing is higher in certain hours they can shift their energy usage to lower-priced hours to save money. Customers are fully capable of grasping the concept that under a demand rate they can save money by not running major appliances at the same time. Additionally, customers who have enrolled on the TOU-RD rate have remained on the rate for several years, which indicates that they understand the rate. Further, surveys have shown that TOU-RD customers are satisfied with the rate and their experience on it. The Company regularly helps customers understand how its rate options work through its customer care center and with helpful online videos.

**Q.** **DO YOU AGREE WITH PIA STAFF’S RECOMMENDATION TO REVISE THE TOU-RD TARIFF TO BASE THE DEMAND BILLING DETERMINANT ON A SHORT WINDOW OF TIME DURING WHICH GEORGIA POWER IS VIRTUALLY CERTAIN TO PEAK?**

A. No. The Company’s TOU-RD rate is appropriately designed in its current structure to base the demand charge billing determinant on the customer’s monthly non-coincident peak demand. If the demand billing determinant were based strictly on a short on-peak period, there would be much greater potential for bill volatility due to the customer’s usage variance from month-to-month and year-to-year during this finite window. This is in direct contrast to PIA Staff’s argument that the non-coincident peak design causes bill instability. Staff also fails to recognize that the current design of TOU-RD includes a time-of-use energy component that sends an appropriate price signal to customers. The TOU-RD tariff is a modern, three-part rate that is a model for the modern rates the Company hopes to expand.

*Commercial and Industrial Rates*

**Q. FOR CUSTOMERS WHO WILL BE TRANSITIONED FROM THE MLM TARIFF TO TIME OF USE – REVENUE NEUTRAL (“TOU-RN”) FOR THEIR CUSTOMER BASELINE LOAD (“CBL”), DOES GEORGIA POWER SUPPORT ALLOWING CUSTOMERS TO SELECT A DIFFERENT CBL RATE?**

A. No, Georgia Power does not support allowing customers to choose a CBL rate other than TOU-RN. TOU-RN was created for situations like this, to migrate customers to new rates on a revenue neutral basis when the original rate is being eliminated. Customers who currently have MLM as their CBL tariff will transition to TOU-RN on a revenue neutral basis and with the same total CBL cost as before the transition. The Company must ensure that the CBL revenue and kWh remain the same in order to ensure this revenue neutrality and to avoid revenue erosion. This would not occur if customers were allowed to select a different CBL rate.

**Q. WHAT IS THE ARGUMENT AGAINST APPLICATION OF THE TOU-MB TARIFF MADE BY PIA STAFF AND THE GEORGIA RESTAURANT ASSOCIATION (“GRA”)?**

A. PIA Staff claims that it was revealed upon cross examination of Mr. Legg that the “TOU-MB rate was available only to franchise-run and owned restaurants, but not individually-owned franchise label or non-franchise restaurants.” According to PIA Staff and GRA, the fact that the rate is available to some customers and not to similarly situated customers results in an inequity.

**Q. ARE ALL CUSTOMERS IN A GIVEN CLASS ELIGIBLE TO PARTICIPATE ON EACH CLASS SPECIFIC RATE?**

A. No. As approved by the Commission, each of the Company’s tariffs include eligibility language outlining the requirements for a customer to be qualified for, switch to, add, or participate in a Company tariffed program. The TOU-MB rate is no different, and its eligibility requirements were made clear when the tariff was modified and approved in the 2013 Rate Case.

**Q. DOES THE COMPANY SUPPORT THE PROPOSED EXPANSION OF TOU-MB?**

A. No. The TOU-MB rate was redesigned with a super off-peak period to help customers who use a significant amount of off-peak energy to take advantage of that pricing. PIA Staff and GRA have not adequately demonstrated that all restaurants have similar load shapes and broadening the rate eligibility requirements would not be fair to similarly situated, non-restaurant customers who are unable to take advantage of the TOU-MB rate. Moreover, Georgia Power estimates that expanding eligibility for TOU-MB would cause a significant amount of revenue erosion that would have to be made up by other customers in the rate group.

**Q. DOES THE COMPANY AGREE WITH STAFF’S RECOMMENDATION TO CONSOLIDATE CUSTOMERS ON LESS BENEFICIAL TARIFFS INTO THE RATE CLASSES WITH MORE BENEFICIAL TARIFFS FOR WHICH THE CUSTOMER WOULD OTHERWISE QUALIFY?**

A. No. If the Company were to consolidate customers onto fewer tariffs, not collecting costs previously captured from customers under their prior tariffs would create substantial revenue erosion resulting in cost shifting among customers. Additionally, in consolidating customers onto other tariffs, the Company would be violating Georgia Power’s Rules and Regulations for Electric Service that prevent the Company from selecting a rate for a customer. This would also presume that customers choose a rate based solely on economics, ignoring all other factors, such as price risk, bill stability, etc. The Company’s experience has been that many things factor into a customer’s choice of rates. Finally, taken to its logical conclusion as customers are continually consolidated to fewer rates, each customer class would ultimately end up with fewer rate choices, which is contrary to PIA Staff’s stated objective of ensuring customers are empowered to select their own rates and have sufficient options to choose from.

**Q. DOES GEORGIA POWER SUPPORT THE REQUESTS BY MARTA AND RESOURCE SUPPLY MANAGEMENT TO CONVERT ADDITIONAL EMBEDDED LOAD TO MARGINAL LOAD SERVED UNDER REAL TIME PRICING (“RTP”)?**

A. No. Georgia Power does not support the requests by MARTA and Resource Supply Management to convert additional embedded load to marginal load that is subject to RTP hourly pricing. A conversion of this type would create substantial revenue erosion that would have to be borne by other customers. It would also not be fair and equitable to allow only certain customers like MARTA to convert this load and not allow other customers the same opportunity.

**Q. DOES GEORGIA POWER SUPPORT MARTA’S REQUEST TO NOT APPLY ANY INCREASES TO THE ELECTRIC TRANSPORTATION (“ET”) RATE?**

A. No. Georgia Power does not support this request by MARTA as it would result in this revenue deficiency being spread to all other customers and would not be fair and equitable to customers on other rates.

**Q. DOES GEORGIA POWER CONTINUE TO SUPPORT ITS PROPOSED CHANGE TO RTP REQUIRING CUSTOMERS TO COME OFF OF THE RATE FOR A MINIMUM OF 24 MONTHS BEFORE RETURNING TO THE PROGRAM?**

A. Yes. Short term changes to a customer’s usage should not result in the permanent conversion of embedded load into marginal load on the RTP rate. The RTP tariffs have provisions to revise the CBL as the result of actions like permanent equipment removal and energy efficiency improvements, but specifically forbid revisions due to temporary factors such as economic downturns. Changing the requirement so that customers who have not removed load must stay off RTP for 24 months in order to set a new CBL preserves the integrity of the RTP program and protects other customers.

**Q. DOES GEORGIA POWER CONTINUE TO SUPPORT ITS PROPOSED CHANGE TO RTP THAT PREVENTS CHANGES TO THE CBL DURING THE INITIAL TERM?**

A. Yes. Economic analyses for new RTP customers are run using projected CBL revenue. The purpose of this economic analysis is to ensure the revenue collected from a new RTP customer will cover the cost to serve its load so that other customers will not have to subsidize that service. It is reasonable to hold RTP customers to the contracted CBL level during the initial term of their contract in order to avoid putting upward rate pressure on other customers.

**Q. DOES GEORGIA POWER NEED AN ENHANCED DEMAND RESPONSE PROGRAM AS RECOMMENDED BY GEORGIA ASSOCIATION OF MANUFACTURERS AND GEORGIA INDUSTRIAL GROUP?**

A. No, Georgia Power does not currently have a need for a flexible response program as outlined by Georgia Industrial Group/Georgia Association of Manufacturers Witness Pollock. The Company currently has an adequate reserve margin and does not need flexible demand or capacity resources.

*Rate Parity*

**Q. DOES THE COMPANY SUPPORT MOVEMENTS TOWARDS PARITY AMONG RATE GROUPS?**

A. Yes. The Company has made movements toward parity in previous rate cases based on staff’s recommendation. While the Company supports movement toward parity, the Company does not support the parity adjustments outlined in the testimony of Mr. Pollock. Any adjustments towards parity should be based upon the specific COSS filed by the Company in the rate case filing. Additionally, the Company supports parity adjustments based on rate group, not individual rate.

**V. RNR TARIFF**

**Q****.** **DOES THE COMPANY AGREE WITH PIA STAFF’S ADJUSTMENTS TO GEORGIA POWER’S RECOMMENDED CHANGES TO THE RENEWABLE AND NON-RENEWABLE (“RNR”) TARIFF?**

A. Yes. The Company accepts PIA Staff’s adjustments to the Company’s proposed RNR changes for substituting the phrase “No charge” for the removal of the bidirectional meter charge rather than simply deleting the prior $2.82 charge. However, the Company does not support replacing the term “nameplate capacity” with “maximum continuous output power.” The Company believes that nameplate capacity is a more generic term that is more readily understood. “Maximum continuous output power” is one of several similar terms used by different manufacturers to designate nameplate capacity and could be confusing.

**Q. WHAT IS YOUR UNDERSTANDING OF HOW THE COMPANY IS SUPPOSED TO MEASURE ENERGY TO AND FROM RNR PARTICIPANTS UNDER THE COGEN ACT?**

A. While we are not attorneys, it is our understanding that the Cogen Act provides for Georgia Power to measure the electricity produced or consumed by the RNR participant during the billing period through normal metering practices using a bidirectional meter.

**Q. WHAT ARE THE COMPANY’S NORMAL METERING PRACTICES USING BIDIRECTIONAL METERING?**

A. Georgia Power uses bidirectional meters to monitor and track the flow of electricity from Georgia Power to the RNR customer and back from the RNR customer to Georgia Power. The Company’s bidirectional meters net the customer’s production or consumption instantaneously. Based on the fundamental nature of electricity and the laws of physics, at any given moment, an RNR customer cannot be drawing energy from the grid and pushing energy back to the grid at the same time. When the customer uses more energy than they produce, the Company correctly charges the customer the retail rate for all energy consumed. Likewise, when the customer produces more energy than they consume, the Company pays the customer its avoided cost rate for all energy sent to the grid. These charges and credits are accounted for at the end of the customer’s monthly billing period.

**Q. HOW DOES THAT COMPARE TO THE MEASUREMENT APPROACH RECOMMENDED BY GIPL/SOUTHFACE/VOTE SOLAR WITNESSES FITCH AND GILLIAM?**

A. Witnesses Fitch and Gilliam argue that the Company is required to measure and net the energy inflows and outflows from an RNR customer on a *monthly* basis. Witnesses Fitch and Gilliam opine that the Cogen Act states that the netting period and the billing period are the same and that a reasonable reader would assume that production and consumption are netted each month. Georgia Power agrees that the billing period is monthly. In fact, the Company credits RNR customers for any excess energy generated on their monthly bill. However, the fact that a participating customer is credited monthly for any excess energy generated over the billing period does not affect how that energy is measured in accordance with the Company’s “normal metering practices using bidirectional metering,” as directed by the Cogen Act. Accepting the argument proffered by Witnesses Fitch and Gilliam would essentially result in Georgia Power “purchasing” solar customer production pushed back to the grid at the retail rate, thus creating additional costs for all other customers to cover.

**Q. IS THE COMPANY WILLING TO UPDATE THE LANGUAGE IN ITS RNR TARIFF TO EXPLAIN HOW GEORGIA POWER MEASURES THE ENERGY RNR CUSTOMERS GENERATE?**

A. Yes, the Company is willing to revisit the RNR tariff language to clarify how energy consumption and production is measured for customers on that rate.

**Q. DOES GEORGIA POWER PROVIDE RETAIL CREDIT FOR ENERGY PRODUCED IN ITS COMMUNITY SOLAR PROGRAM?**

A. Yes, and it is appropriate for Georgia Power to net the production of the Community Solar facility and consumption of participating customers at a retail rate on a monthly basis because customers pay to participate in the Community Solar program. The Community Solar monthly participation fee of $24.99 was explicitly designed to prevent the type of cost shift that the monthly billing scheme proposed by Witnesses Fitch and Gilliam would create. They correctly characterize that customers who subscribe to a block of community solar get the kWh generated by their block netted from their bill with any monthly excess compensated at the Company’s solar avoided cost rate. What Mr. Fitch and Mr. Gilliam ignore is that customers in the Community Solar Program pay for their block subscription at a rate that prevents any cost shifting from occurring, and thus ensures fairness for both participants and non-participants.

**Q. HOW DOES THE COMPANY BELIEVE CUSTOMERS SHOULD BE COMPENSATED FOR ENERGY THEY PUSH BACK TO THE GRID**

A. The current commission-approved method of paying avoided costs based on the Renewable Cost Benefit (“RCB”) Framework for any variable energy pushed back to the grid sends an appropriate price signal that accurately reflects the value this energy provides to the system. This accurate valuation encourages the installation of an appropriately sized system based on the premises load, reducing the amount of cost shift created by customers who install behind the meter solar.

**Q. IS IT APPROPRIATE TO COMPARE GEORGIA POWER’S METERING OF RNR CUSTOMERS WITH OTHER UTILITIES?**

A. No. Georgia Power measures the excess energy produced by RNR customers in accordance with the Georgia Cogen Act. Investor owned-utilities in other states are not subject to the requirements of the Georgia Cogen Act, thus the comparison is a moot point.

**Q. HAS THE COMMISSION REVIEWED THE RNR TARIFF FOR COMPLIANCE WITH THE ACT?**

A. Yes. The RNR tariff was proposed by the Company as its mechanism to comply with the requirements of the Cogen Act. The Commission originally reviewed and approved the RNR tariff in 2003 for that exact purpose. Further, the RNR tariff has been reviewed and approved as part of the Company’s rate offerings in each base rate case since that time. Although the RNR tariff has been revised nine times, how the Company measures energy inflows and outflows to RNR participants has not changed since the RNR tariff was originally approved.

**VI. CUSTOMER USAGE DATA**

**Q. DOES GEORGIA POWER SUPPORT PROVIDING RESIDENTIAL CUSTOMERS WITH ACCESS TO THEIR HOURLY USAGE DATA?**

A. Georgia Power supports Staff’s recommendation to further study the need for and costs of providing hourly data to customers and to file this information with the Commission within six months of the Commission order in this docket.

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

A. Yes.

1. NARUC Electric Utility Cost Allocation Manual, January 1992, p. 90. [↑](#footnote-ref-1)
2. *Frederick Weston*, Charging for Distribution Utility Services: Issues in Rate Design, The Regulatory Assistance Project (December 2000) at 2. [↑](#footnote-ref-2)
3. Bonbright, Danielson & Kamerschen, *Principles of Public Utility Rates,* 2nd Edition, 1998, pp. 491-492 (emphasis added). [↑](#footnote-ref-3)
4. *Id.* at 492. [↑](#footnote-ref-4)