**GEORGIA POWER COMPANY**

**Docket No. 42516**

**Georgia Power Company’s 2021 Annual Surveillance Report**

**Staff Data Request No. STF-ASR-7**

**STF-ASR-7-1**

Question:

During 2021, please state whether Georgia Power had any of the following:

1. Any changes in accounting.
2. The initial implementation of an accounting standard or policy.
3. The initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction.
4. Corrections of errors and prior period adjustments.
5. The implementation of new estimation methods or policies that change prior estimates.
6. Changes to income tax elections.
7. If the answer is “yes” to any of the above, please identify, quantify and explain the impact of each such item on 2021 rate base and operating income, and show the impacts by account and amount.

Response:

a. There were none that significantly impacted the Company in 2021.

b. 2021 Accounting Standard Update: In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (ASU 2020-04) providing temporary guidance to ease the potential burden in accounting for reference rate reform primarily resulting from the discontinuation of LIBOR, which began phasing out on December 31, 2021. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued. The new guidance (i) simplifies accounting analyses under current GAAP for contract modifications; (ii) simplifies the assessment of hedge effectiveness and allows hedging relationship affected by reference rate reform to continue; and (iii) allows a one-time election to sell or transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform. An entity may elect to apply the amendments prospectively from March 12, 2020 through December 31, 2022 by accounting topic. Georgia Power has elected to apply the amendments to modification of debt arrangements that meet the scope of ASU 2020-40.

The Company currently references LIBOR for certain debt and hedging arrangements. Contract language has been, or is expected to be, incorporated into each of these agreements to address the transition to an alternative rate for agreements that will be in place at the transition date. While no material impacts are expected from modifications to the arrangements and effective hedging relationships are expected to continue, the Company will continue to evaluate the provision of ASU 2020-04 and the impacts of transitioning to an alternative rate, and the ultimate outcome of the transition cannot be determined at this time.

c. None.

d. Please see Attachment STF-ASR-7-1 for the corrections of errors and prior period adjustments including impact to retail operating income or rate base by account.

e. Item 1 in Attachment STF-ASR-7-1 regarding claims incurred but not reported was changed to be included in workers’ compensation accruals.

f. There have been no changes to income tax elections in 2021.

g. Please see the Company’s responses to parts ‘a’ through ‘f’ above.