# FOOTNOTE T/ $ 327,276 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 AH/ as well as proposed changes in depreciation rates and ARO recovery reflected in the Company’s budget beginning January 2023.

FOOTNOTE U/ $(248) Nuclear Decommissioning Expense

The decrease reflects a reduction in the nuclear decommissioning accrual beginning January 2023 for existing nuclear units, partially offset by the nuclear decommissioning accrual for Vogtle Unit 3 beginning in 2023 which is removed in FOOTNOTE BQ/.

FOOTNOTE V/ $(3,126) Amortization of Investment Tax Credits (ITCs)

The increase in credits is primarily due to the utilization of additional federal investment tax credits carried forward from prior periods and changes in the average service lives used for amortization of investment tax credits.

FOOTNOTE W/ $ 735 Amortization of State Tax Reform Refunds

The decrease in credits reflects the completion of the amortization in December 2022 of the regulatory liability resulting from the reduction in Georgia state income tax rate, as approved by the Commission in Docket No. 42516.

FOOTNOTE X/ $ (4,240) Amortization of Environmental CWIP

This decrease reflects the completion of the amortization in December 2022 of environmental CWIP associated with Plant Branch Units 1-4 and Plant Yates Units 6-7, as approved by the Commission in Docket No. 36989.

FOOTNOTE Y/ $ 43,047 Amortization of Retired Units’ Net Book Value

The increase reflects the proposed amortization of the remaining net book values of Plant Wansley Units 1 and 2 over its remaining useful life and Unit 5A over a 3-year period ending December 31, 2025.

FOOTNOTE Z/ $(2,483) Amortization of Deferred Health Care Costs

The decrease reflects the completion of the amortization in December 2022 of the regulatory asset resulting from the tax impacts arising from the March 2010 Healthcare Act.

FOOTNOTE AA/ $5,706 Amortization of Software and Cloud Computing

The increase reflects the proposed 5-year amortization ending December 2027 of the regulatory asset related to the deferral of certain expenses associated with the implementation of software and cloud computing projects.

FOOTNOTE AB/ $153 Amortization of Customer Usage Data

The increase reflects the proposed 3-year amortization ending December 2025 of the regulatory asset related to the deferral of costs of providing additional options for access to customer usage data.

FOOTNOTE AC/ $4,901 Amortization of COVID Deferral

The increase reflects the proposed 3-year amortization ending December 2025 of the regulatory asset associated with the deferral of the incremental costs of bad debt resulting from the suspension of disconnects for nonpayment due to COVID-19 and certain other incremental COVID-19 costs.

FOOTNOTE AD/ $ 62,048 Taxes Other Than Income Taxes

Real and personal property taxes are projected to increase as a result of plant additions and increase in the Company’s projected fair market value; the decrease in the payroll taxes is primarily due to lower incentive pay, and municipal franchise fees (MFF) are projected to decrease due to a reduction in the MFF rate approved by the Commission in the 2022 Compliance Filing as well as a decrease in budgeted total retail revenues.



FOOTNOTE AE/ $ (147,354) Current Income Taxes Payable

The decrease in the income tax current provision is primarily due to an increase in deferred income taxes in the test period versus the historic period primarily related to increases in accelerated depreciation based on proposed depreciation rates, proposed reduction in the annual storm recovery, increased asset retirement obligations, and utilization of tax credits carried forward from prior periods.

FOOTNOTE AF/ $ 271,348 Deferred Income Taxes

The increase in net deferred income taxes is primarily from less unprotected excess ADIT amortization in the test period due to unprotected benefits being fully amortized as of the end of 2022 and more deferred tax expense due to accelerated depreciation based on proposed depreciation rates, proposed reduction in the annual storm recovery, increased asset retirement obligations, and utilization of tax credits carried forward from prior periods.

FOOTNOTE AG/ $ 980 Interest on Customer Deposits

The decrease in credits results from a projected decrease in customer deposits balance as shown in FOOTNOTE AQ/.

FOOTNOTE AH/ $ 4,848,938 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 closure of Vogtle Units 3 and Common, which is removed from rate base in the test period in FOOTNOTE CB/. This increase is partially offset by the proposed retirement of Plant Wansley Units 1, 2, 5A and Plant Boulevard Unit 1.

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. This includes the Grid Investment program as approved by the Commission in the 2019 rate case.

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 AI/ $ 103,140 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 2021. Additionally, Plant Vogtle Unit 3 initial core fuel is projected to be reclassed from CWIP to plant in service during the test year. Nuclear fuel associated with Plant Vogtle Units 3 and 4 is removed from rate base in the test period in FOOTNOTE CC/.

FOOTNOTE AJ/ $ (8,133) Electric Plant Held for Future Use

The decrease is primarily due to the commencement of construction on two transmission line projects and a distribution substation resulting in land associated with the projects transferring from PHFFU to CWIP. The decrease also includes the reduction of the Stewart County land balance due to budgeted timber sales. Additional details for electric plant held for future use are provided in MFR A-5.

FOOTNOTE AK/ $ 627,475 Accumulated Depreciation and Amortization

The increase is due to depreciation and removal costs in 2022 based on current depreciation rates and incorporation of new proposed depreciation rates beginning in 2023, partially offset by the proposed retirement of Plant Wansley Units 1, 2, 5A and Plant Boulevard Unit 1. Functional breakdown of the increase is as follows:



FOOTNOTE AL/ $(3,676) Accumulated Nuclear Fuel Amortization

The decrease in amortization is a result of lower projected fuel reload cost placed in service during the test period, which is partially offset by the amortization for the commercial startup of Plant Vogtle Unit 3 during the test period. Nuclear fuel associated with Plant Vogtle Unit 3 is removed from rate base in the test period in FOOTNOTE CE/.

FOOTNOTE AM/ $68,702 Fuel and Materials & Supplies Inventory

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



The increase in materials and supplies inventory is primarily driven by inflationary pressures resulting from COVID-19 induced bottlenecks, supply shortages and strong demand causing an upward shift in the Producer Price Index, as well as the impact of FOOTNOTE K/, which removes the Materials and Supplies Inventory associated with Unregulated Outdoor Lighting. Partially offsetting this increase is the reclassification of unusable materials and supplies inventory related to the proposed decertification of Plant Wansley Units 1 and 2 and 5A to a regulatory asset.

FOOTNOTE AN/ $ (170) Payables Associated with Capital M&S

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

FOOTNOTE AO/ $22,671 Min. Bank Balances and Prepayments

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



The increase in prepayments is primarily due to the payment of the Plant McIntosh Long-Term Service Agreement (LTSA) in 2023 for future scheduled outage work and the reclass of the Plant McDonough LTSA in March 2021 to plant-in-service related to outage work performed.

FOOTNOTE AP/ $165,696 Prepaid Pension Asset

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

FOOTNOTE AQ/ $8,435 Customer Deposits

The decrease in the liability is primarily due to the moratorium that is currently in place for customer deposits due to the COVID-19 pandemic.

FOOTNOTE AR/ $38 Accumulated Interest on Customer Deposits

The decrease in the liability is primarily due to a reduction in the balance of customer deposits.

FOOTNOTE AS/ $(342,199) Operating Reserves

The increase in the net operating reserves liability is primarily driven by the over-recovery of storm damage costs, increases in Transmission and Distribution Contributions in Aid of Construction (CIAC) and SCS Cash Deferment liability balances, and a decrease in the Vogtle 3&4 Advance Payment asset balances.



FOOTNOTE AT/ $ (10,203) Environmental CWIP

The decrease is due to the continued amortization through December 2022 of the cancelled environmental construction projects associated with Plant Branch Units 1-4 and Plant Yates Units 6 and 7, as approved by the Commission in Docket No. 36989.

FOOTNOTE AU/ $ 357,570 Retired Units’ Net Book Value

The increase reflects the reclassification of the remaining net book values of Plant Wansley Units 1, 2, and 5A to a regulatory asset as proposed in Docket No. 44160. The increase is partially offset by the proposed amortization of Wansley Units 1 and 2 over its remaining useful life and Wansley Unit 5A over the three-year period ending December 31, 2025. The increase is also partially offset by the continued amortization of the net book values of Plant Branch Units 2-4 and Common, Plant Mitchell Unit 3, Plant Hammond Units 1-4, Plant McIntosh Unit 1, and hydro units.

FOOTNOTE AV/ $24,180 Bowen and Scherer Depreciation Deferral

The increase is due to the proposed deferral to a regulatory asset a portion of depreciation expenses associated with Plant Bowen Units 1-2 and Scherer Units 1-3 beginning in 2023 to reflect the net book values to be recovered over the nine-year period ending December 2031.

FOOTNOTE AW/ $308,244 Tax Reform Regulatory Liability

The decrease in the liability is due to the continued amortization through December 2022 of the unprotected excess ADITs previously generated by the remeasurement of federal deferred income taxes from the Tax Reform Act, as approved by the Commission in Docket No. 42516.

FOOTNOTE AX/ ($5,975) OPRB Retiree Drug Subsidy Tax Regulatory Asset

The decrease is due to the continued amortization through December 2022 of the deferred tax costs from the March 2010 Healthcare Act, as approved by the Commission in Docket No. 31958.

FOOTNOTE AY/ $ 16,077 Unusable Inventory Regulatory Asset

The increase reflects the reclassification to a regulatory asset the unusable materials and supplies associated with the retirement of Plant Wansley Units 1, 2, and 5A as proposed in Docket No. 44160, with recovery of the regulatory asset to be determined by the Commission in the Company’s future base rate case.

FOOTNOTE AZ/ $ 55,821 NCCR ADIT

The increase in NCCR ADIT is due to the inclusion of deficient deferred income taxes for Plant Vogtle Units 3 and 4 upon projected Unit 3 in-service of March 2023. The NCCR ADIT is excluded from rate base in this filing in FOOTNOTE CM/.

FOOTNOTE BA/ $2,487 Vogtle Unit 3 Depreciation Deferral

The increase is due to the deferral of depreciation expense on the portion of Plant Vogtle Unit 3 capital costs excluded from base rates as determined by the Commission in Docket No. 43838. The recovery of the regulatory asset will be determined by the Commission during the Plant Vogtle Unit 4 base rate filing. The Vogtle Unit 3 Depreciation Deferral regulatory asset is removed from rate base in this filing in FOOTNOTE CN/.

FOOTNOTE BB/ $550 Customer Usage Data Costs

The increase reflects the deferral to a regulatory asset the costs of providing additional options for access to customer usage data as approved by the Commission in Docket No. 42516, partially offset by the proposed 3-year amortization ending December 2025.

FOOTNOTE BC/ $795 TOU FD Revenue Erosion

The increase reflects the deferral to a regulatory asset of any revenue erosion from the conversion of certain retail customers to the Time of Use – Food and Drink tariff (“TOU-FD”), partially offset by the amortization and recovery from all TOU-FD customers in the following year, as approved by the Commission in Docket No. 42516.

FOOTNOTE BD/ $28,990 Software & Cloud Computing

The increase reflects the deferral to a regulatory asset of certain expenses associated with the implementation of software and cloud computing projects as approved by the Commission in Docket No. 42516, partially offset by the proposed 5-year amortization ending December 2027.

FOOTNOTE BE/ $721 Deferred Nuclear Outage Costs

The increase is due to 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 BF/ $(45,518) Asset Retirement Obligation (182 & 230)

The increase in the liability 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 APA/SPA/ADH/MBR-4, Schedule 5.

FOOTNOTE BG/ ($1,034,050) Asset Retirement Obligation (254)

The increase in the liability 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 net of recovery.

FOOTNOTE BH/ $104,909 Accumulated Deferred Income Taxes -

Accelerated Amortization - Account 281

The decrease in the liability is primarily due to the reversal of accelerated depreciation and basis differences for pollution control related assets.

FOOTNOTE BI/ $20,851 Accumulated Deferred Income Taxes-

Other Property - Account 282

The decrease in the liability is primarily due to column adjustments reflected in FOOTNOTE M/, offset by increases in asset retirement obligations and accelerated depreciation.

FOOTNOTE BJ/ $(129,725) Accumulated Deferred Income Taxes -

Other - Account 283

The increase in the liability is primarily due to the reclassification of net book values to regulatory assets for the proposed decertification of units in Docket No. 44160, partially offset by a decrease in storm damage accrual.

FOOTNOTE BK/ $(39,954) Accumulated Deferred Income Taxes -

Prepaid - Account 190

The decrease is primarily due to timing differences from federal tax reform as ordered by the Commission in the Tax Reform Act settlement in Docket No. 36989, partially offset by an increase in the tax credit carry forward.

FOOTNOTE BL/ $(51,507) Cash Working Capital

The decrease is due to an increase in overall lead days, primarily driven by the change in days the Company pays its suppliers for fuel invoices and the payment of property taxes in the Company’s 2021 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.