taylor | english

Taylor English Duma LLP 1600 Parkwood Circle, Suite 200, Atlanta, Georgia 30339
Main: 770.434.6868 Fax: 770.434.7376 taylorenglish.com

L. Craig Dowdy
Direct (404) 640-5958
cdowdy@taylorenglish.com

December 8, 2022

Via Alternative Electronic Filing

Ms. Sallie Tanner
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334
stanner@psc.ga.gov

Re: In re: Georgia Power Company's 2022 Rate Case; Docket 44280

Dear Ms. Tanner:

For filing in the above-styled docket, please find the enclosed *Hearing Brief of the Southern Alliance for Clean Energy and Southface Energy Institute* on behalf of the Southface Energy Institute, Inc. & Southern Alliance for Clean Energy Incorporated. As required by the electronic filing procedures, a physical copy of this filing will be mailed to the Commission. Thank you for your attention to this matter.

Should you have any questions, please do not hesitate to contact our office.

Sincerely,

L. Craig Dowdy
For TAYLOR ENGLISH DUMA LLP

Enclosures
cc: All parties of Record

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In re:	**)**	
Georgia Power Company's	**)**	**Docket No. 44280**
2022 Rate Case	**)**	

HEARING BRIEF OF THE SOUTHERN ALLIANCE FOR CLEAN ENERGY AND SOUTHFACE ENERGY INSTITUTE

Pursuant to Rule 515-2-1-.04 of the Georgia Public Service Commission ("Commission" or "PSC") and the Commission's August 5, 2022, Procedural and Scheduling Order ("PSO"), and subsequent PSOs in the above-captioned proceeding, Southern Alliance for Clean Energy ("SACE") and Southface Energy Institute ("Southface") respectfully file this post-hearing brief in the above-styled docket. Our failure to address any position, issue, or statement by any other intervening party on the record in this proceeding should not be interpreted as support or consent.

INTRODUCTION

On June 24, 2022, the Georgia Power Company ("Georgia Power" or "the Company") filed its first rate case since 2019.[1] The Company seeks to recover an additional $2.926 billion (Docket No. 44280, Tr. 1387, Lines 7-13) from customers over the proposed three-year Alternate Rate Plan ("ARP") period, on top of what Georgia Power's customers would be paying if the rate from 2022 remained the same. The Company is seeking to front-load costs onto the ratepayer, requesting an

[1] Georgia Power's 2019 Rate Case (Docket No. 42516).

increase of $889 million in 2023, an additional $107 million in 2024, and another $46 million on top of that in 2025.[2]

The requested $2.926 billion represents a significant, unprecedented increase in costs for ratepayers at a time when many are struggling to meet basic needs during a period of historic inflation. At the same time, the Company is proposing to increase how much profit they are allowed to earn each year, to a proposed 11% return on equity ("ROE") (Docket No. 44280, Document No. 191821, Tr. 0631, Line 19), arguing that it's necessary to maintain good credit ratings (Docket No. 44280, Document No. 191821, Tr. 0790, Line 5-11). According to Georgia Power's initial filing and testimony in the first hearing of this proceeding, if approved by this Commission, its request would result in a more than 12% increase in the average residential customer's electricity bill (Tr. 114, Lines 12-14).

This significant rate increase does not include the billions in additional costs that will further increase ratepayer bills when Plant Vogtle Units 3 and 4 come online nor does it include anticipated increases resulting from high natural gas fuel costs, or, as Commissioner Echols described during the second hearing, "the trifecta of increases… Vogtle plus the fuel" (Tr. 1402, Line 12). Public Interest Advocacy ("PIA") Staff estimate that **the average Georgia Power customer will pay $55-60 more per month for electricity in 2025, an approximately 45% increase,** compared to what they paid in 2022 (Docket No. 44280, Document No. 191875, Tr. 1377, Lines 13-17). The combined impact of these increases will be especially daunting for low-

[2] Georgia Power's 2022 Rate Case (Docket No. 44280), Supplemental Filing (Document No. 191294), August 23, 2022.

and moderate-income households, many of which are also energy-burdened.[3] This proceeding, therefore, must be examined within the context of the total bill increases in the next two years.

In the few short months since the Company's 2022 Integrated Resource Plan ("IRP") and Demand-Side Management ("DSM") Application were filed in Docket Nos. 44160 and 44161, respectively, the Inflation Reduction Act of 2022 ("IRA") passed, unlocking significant additional funding opportunities and tax incentives for the Company to reduce costs for its ratepayers during the three-year period considered within this proceeding.[4] As the IRA represents the largest investment in clean energy in U.S. history, the economic assumptions underlying decisions made within the 2022 IRP and DSM Applications (Docket Nos. 44160 and 44161) have fundamentally changed.[5] With an historic amount of federal funding, programs, and incentives becoming available, SACE and Southface Witness, and former Chair of the Colorado Public Utility Commission, Ronald Lehr recommends that Georgia Power file – and the Commission review – annual revenues adjusted for cost savings from available federal funds rather than locking into financial decisions that will last through 2025, based on early, incomplete information. SACE and Southface commend the historically collaborative relationship between the Commission and the Company, and we are confident the Commission can direct Georgia Power to move quickly to identify and access new federal funds and tax incentives that help alleviate the burden on ratepayers and reduce the costs of resource investments approved by the Commission in the recent 2022 IRP (Docket No. 44160) and proposed for recovery within this proceeding.

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[3] American Council for Energy Efficient Economy, August 14, 2017, "Energy Efficiency in Southeastern Low-Income Households: How Energy Efficiency can Help Low-Income Households in Georgia," Available at, https://www.aceee.org/sites/default/files/pdf/fact-sheet/ses-georgia-100917.pdf.
[4] H.R.5376 - 117th Congress (2021-2022): Inflation Reduction Act of 2022, H.R.5376, 117th Cong. (2022), https://www.congress.gov/bill/117th-congress/house-bill/5376/text.
[5] Marlow, James, August 12, 2022, "This is Monumental! What the Biggest Climate Investment in US History means for Georgia," Southface Energy Institute, Available at, https://www.southface.org/what-the-biggest-climate-investment-in-us-history-means-for-georgia/.

In short, significantly higher bills are in store for customers for the foreseeable future – at a time when many ratepayers cannot afford these increases – unless the Commission takes decisive action to ensure that the Company uses all federal funding and incentives available. Resuming in-person public comments in this proceeding afforded parties the opportunity to hear directly from Georgia Power ratepayers who will be impacted by the results of this case. Across the three hearings in this proceeding, the Commission heard statements from, amongst others, single mothers and hard-working individuals struggling to make-ends-meet in current economic conditions; local churches that will be affected by increased costs to practice their faith in congregation; senior citizens who depend upon affordable electricity for their daily personal and medical needs while living on fixed incomes that do not rise with inflated consumer and energy prices; and small business owners who described the razor-thin margins required to start and expand small business in Georgia in a post-COVID-19 economy.

Concurrently, Georgia Power proposes to make it harder for customers – especially residential customers – to control their electric bills. By proposing to not expand the extremely popular Renewable Non-Renewable ("RNR") Monthly Netting Pilot Program for customer-sited solar, Georgia Power would continue its unfair practice of instantaneously 'netting' customer solar production – a practice this Commission has never explicitly approved, and which is contrary to the plain language and legislative purpose of the Georgia Cogeneration and Distributed Generation Act of 2001 ("Cogen Act").[6]

In these and other ways, Georgia Power mischaracterizes the risks and opportunities of rates that should be designed so that the choices customers make in their own self-interest also work to cover, and ideally, minimize utility system costs. SACE and Southface offer

[6] O.C.G.A. § 46-3-50.

recommendations below to encourage a transition to modern rates that focuses on customer choice and empowerment while maximizing opportunities to lower customer costs, place downward pressure on rates, and reduce inflationary pressures.

SUMMARY OF RECOMMENDATIONS

Based on the evidentiary record, as a matter of Georgia law, and consistent with previous rate case dockets before this Commission, SACE and Southface show that the Commission should direct Georgia Power to do the following:

1. **REINSTATE RNR MONTHLY NETTING, UNCAPPED FOR THREE YEARS**, during which time the Company must:
    a. Hold workshops with relevant stakeholders to (i) consider alternative compensation rates for excess generation; (ii) monitor industry developments and local consumer protections; and (iii) engage with and educate Georgia Power's customers on the benefits of behind-the-meter ("BTM") solar and the recently restored 30% investment tax credit ("ITC") available to Georgia's taxpayers.
    b. Conduct a cost-of-service study and provide it to Commissioners, PSC Staff, and interested stakeholders prior to the 2025 Rate Case.
    c. Reduce the proposed interconnection fee for the RNR tariff to the $100 recommendation of PIA Staff and waive this fee for income-qualified customers.

2. **IDENTIFY, TRACK, AND SECURE NEWLY AVAILABLE FEDERAL FINANCIAL RESOURCES TO LOWER COSTS TO RATEPAYERS** across the proposed three-year ARP, during which time, the Company must:
    a. Provide annual reviews of revenue requirements that identify cost savings available from federal funding in 2024 and 2025, within the three-year ARP.
    b. Adopt an annual step increase with annual review and adjustment for savings from federally available funds instead of locking into the proposed levelized increase.
    c. Develop federal funding tracking processes – agreed upon by the Commission and in collaboration with PIA Staff – which include anticipated funding as well as actual and estimated costs and benefits to customers and the Company.
    d. Provide tax and other savings to benefit customers, including to offset anticipated rate and bill increases during the 2023-2025 period.

3. **WORK WITH COMMISSION STAFF AND STAKEHOLDERS TO DEVELOP A COST-BENEFIT FRAMEWORK METHODOLOGY FOR TRANSMISSION AND DISTRIBUTION ("T&D") INVESTMENTS.**

4. **RESOLVE OPEN ITEMS FROM THE RATE ADJUSTMENT PROCEEDING FOR VOGTLE UNIT 3 (DOCKET NO. 43838), WHICH THE COMMISSION RECOMMENDED BE ADDRESSED IN THE CURRENT PROCEEDING. THOSE INCLUDE TWO RECOMMENDATIONS FROM SACE:**
    a. The Commission exempt low-income residential customers – at or below 200% of the Federal poverty level – from any rate increase associated with Plant Vogtle.

b. The Commission considers the historic, disproportionate allocation of the Nuclear Construction Cost Recovery ("NCCR") rider when deciding the allocation of the rate increase it considers most equitable.

Rather than presenting Proposed Motions and Orders, this Post-Hearing Brief summarizes the recommendations of SACE and Southface Witnesses Ronald Lehr, Dr. Marilyn Brown, and Alden Hathway, and it provides implementation suggestions for the Commission to consider.

DISCUSSION

I. GEORGIA POWER'S PROPOSAL TO SUSPEND RNR MONTHLY NETTING AND ELIMINATE ITS AVAILABILITY TO ALL FUTURE RNR CUSTOMERS

A. GEORGIA LAGS FAR BEHIND BOTH THE U.S. AND THE SOUTHEAST IN CUSTOMER-SITED SOLAR GENERATION.

In this proceeding, Commissioners, the Company, intervenors, and public witnesses have attested to the divergent pathways of solar development in Georgia. On the one hand, as Chair Pridemore noted in this proceeding, Georgia ranks fifth, and almost fourth, in the U.S. for total solar on the grid (Tr. 4838, Lines 12-14). On the other hand, according to SACE and Southface Witness Dr. Marilyn Brown, *distributed* solar generation represented **less than 0.03% of Georgia's total electricity generation** in 2019 (Docket No. 44280, Document No. 192146, Tr. 4907, Lines 14-16), and penetration of BTM solar in Georgia was at only 0.2% for residential customers as of June 2022, **ranking Georgia 43rd in the U.S. for rooftop solar** (Docket No. 44280, Document No. 192146, Tr. 4894, Lines 2-3). In short, Georgia is not at a level of residential solar penetration that warrants valuing excess distributed solar generation to the grid at anything less than the retail

rate. The national average penetration of customer-sited solar is approximately 1.9% (Docket No. 44280, Document No. 192146, Tr. 4901, Lines 11-12). Witness Dr. Marilyn Brown's assessment of Georgia's national ranking in rooftop solar is in accordance with observations from Witness Thatcher Young (Tr. 4838, Lines 15-16), among others.

Describing customer-sited solar development in Georgia during the final hearing in this proceeding, counsel for Georgia Power asked Witness Dr. David Hill, "...we can't simply just do nothing knowing that the wolf is coming?" (Tr. 4509, Lines 17-18). In addition to the subsequent series of thoughtful responses from Witness Dr. David Hill, which closely align with our key recommendations, SACE and Southface also agree with the poignant observation made by Commissioner Echols the following day, that, "I mean, it really sounds more like a Labrador Retriever to me…" (Tr. 4835, Lines 19-20). SACE and Southface Witnesses Dr. Marilyn Brown and Alden Hathaway provide testimony that supports both Witness Dr. David Hill's recommendations for more deliberate stakeholder engagement to refine tariff design, among others, as well as Commissioner Echols' observations that rooftop solar might be ratepayers' 'best friend'.

Net metering policies began in Idaho in 1980, and, as attested by Witness Dr. Marilyn Brown, and affirmed by Witnesses Kevin Lucas, Thatcher Young, and Will Geise, **33 states currently have what is often called "true net metering" policies, which credit excess electricity generated by customers at the retail rate"** (Docket No. 44280, Document No. 192146, Tr. 4898, Lines 7-8). Over the last decade, states have continued to adopt net energy metering ("NEM"), including, for example, South Carolina.

In the Southeast, as Witness Dr. Marilyn Brown testifies, North Carolina,[7] South Carolina, and Florida "have state-level policies requiring true net metering, and they also have the highest rooftop solar penetration rates in the Southeast, averaging approximately 1%" (Docket No. 44280, Document No. 192146, Tr. 4898, Lines 10-12). These states show clear associations between net metering policies conducive to customer-sited solar and actual behind-the-meter solar expansion and penetration within the state. Mississippi, Alabama, Georgia, and Tennessee, however, "don't allow one-to-one netting of kWh for energy supplied to the grid and are all in the bottom eight states for rooftop solar penetration" (Docket No. 44280, Document No. 192146, Tr. 4898-4899, Lines 16-17, 1-2). In those four states, there is also a strong association with bottom-in-the-nation rankings for customer-sited solar penetration.

Georgia is not close to meeting the achievable potential for rooftop solar to supply a valuable peak resource. **Georgia Power has the most restrictive customer-sited solar tariff cap in the Southeast and, perhaps, the nation, at 0.2% of annual peak demand in the previous year**. Many states across the U.S. do not have such caps, including Alabama, Florida, North Carolina, and Tennessee. South Carolina's program cap is 2%, not 0.2%, as in Georgia, and Mississippi's cap is 3% of annual peak demand (Docket No. 44280, Document No. 192146, Tr. 4899, Lines 21-22).

[7] During the final hearing, there seemed to be confusion about how the current net metering program in North Carolina works (see Tr. 4662-4664 and Tr. 4678). For purposes of clarifying the administrative record, we provide links to the net metering riders for Duke Energy Carolinas, available at, https://desitecore10prod-cd.azureedge.net/-/media/pdfs/for-your-home/rates/electric-nc/ncridernm.pdf?rev=b01f2b34d6c846f2981af75c8bf05b4a, and Duke Energy Progress, available at, https://desitecore10prod-cd.azureedge.net/-/media/pdfs/rates/rr3-nc-rider-nm-dep.pdf?rev=0a8e79a821a0488bbac5522f60fd392d. Both utilities carry any excess kWh credits forward and apply them against customer consumption in subsequent months for up to 12 months, resetting to zero at the transition from the May to June billing periods. ***This North Carolina process is net metering – which is distinctly different from monthly netting***. The second hearing established that Georgia Power reports its RNR participation to the Energy Information Administration as "non-net-metered" distributed energy. ***Avoided Cost is not used for compensation in the net metering program for North Carolina.***

B. GEORGIA POWER WAS ORDERED TO PROVIDE COST-BASED DATA IN THESE PROCEEDINGS BUT DID NOT. A COST-OF-SERVICE STUDY IS NECESSARY TO ASSESS ANY ALLEGED COST-SHIFT.

The RNR monthly netting program has now been discussed in the 2019 Rate Case (Docket No. 42516), the 2022 IRP (Docket No. 44160), and the 2022 Rate Case (Docket No. 44280), appropriately receiving special attention in the latter. SACE and Southface applaud the Commission for their commitment to hearing from all interested stakeholders and for attempting to address BTM solar in this proceeding. We also commend Commissioner Shaw for his motion in the 2022 IRP (Docket No. 44160) in which he requested the Company provide more data to the Commission and all parties for analysis in this case. Commissioner Shaw's adopted motion stated,

> "In this IRP, we simply do not have the cost information necessary to set just and reasonable rates, terms, and conditions for rooftop solar. In addition, we do not have the information to determine whether or how such rates, terms, and conditions would impact other customers. Under my motion, *the parties in the rate case would have the opportunity to provide, test, and challenge cost-based data*" (emphasis added).[8]

SACE and Southface assert, as do other intervenors and PSC Staff, that Georgia Power did not meet the standard set forth in Commissioner Shaw's motion. In addition to SACE and Southface Witnesses Dr. Marilyn Brown and Alden Hathaway, witnesses for multiple intervenors testified on the lack of data and transparency provided by the Company to assess the RNR monthly netting pilot program in this proceeding, especially related to the dearth of information on the cost-to-

[8] Georgia Power's 2022 IRP (Docket No. 44160), PIA Staff's Proposed Order Adopting Stipulation, July 29, 2022, Page 44, Paragraph 71.

serve. For example, without belaboring them here, Witnesses Kevin Lucas, Thatcher Young, and Will Giese – after detailing the shockingly limited (i) data available, (ii) analyses conducted, and (iii) responses to data requests – provided testimony on fundamental differences between the cost-to-serve and the revenue erosion analysis provided by the Company in this proceeding, finding that "RNR customers are lower in the cost-to-serve than the typical customers on other rates" (Docket No. 44280, Document No. 195165, Tr. 4833, Lines 15-17). Similarly, Witness Justin Barnes highlights conflations and false equivalencies in the Company's descriptions of alleged revenue erosion (Docket No. 44280, Document No. 192163, Tr. 4597. Lines 1-9).

The minimal data the Company did provide were analyzed by Georgia Power Witness Legg resulting in an alleged total revenue erosion of just over $1.4 million (Docket No. 44280, Tr. 5048, Lines 18-20). As PIA staff noted in their supplemental direct testimony, **this amount, "less than five one-hundredths of one percent" of current residential revenue, is *de minimis*** (Docket No. 44280, Tr. 4357, Lines 1-2).

In the closing of the 2022 IRP (Docket No. 44160), Commissioner Echols correctly noted, "the power company has already stood up this department, they've already staffed up, they've got the process down now, and continuing this will promote economic development and allow more customers to be a part of the clean energy economy." In addition to the lack of cost-based data provided in this proceeding, what seem to be perfunctory responses to PIA Staff data requests, and last-minute changes to calculations provided by the Company, SACE and Southface question why Georgia Power provided no witnesses who actually work on the RNR monthly netting pilot program.

C. BTM SOLAR PRODUCES BENEFITS NOT RECOGNIZED IN THE RENEWABLE COST BENEFIT ("RCB") FRAMEWORK THAT ARE, NONETHELESS, CRITICAL TO ASSESSING SOLAR IN GEORGIA.

SACE and Southface agree with Commissioner Echols that the benefits of customer-sited solar go beyond those explicitly included in the Renewable Cost Benefit ("RCB") Framework approved by the Commission and expanded to BTM solar following the 2016 IRP (Docket No. 40161). In that context, we highlight a critical observation about the RCB Framework as described by the Company in its 2022 IRP filing,

> "As the RCB Framework *is a living document*, the Company has *made several improvements* to the RCB Framework for the 2022 IRP as described herein" (our emphasis) (Docket No. 44160, Document No. 188519, PD Volume 2, 2022 IRP RCB Framework, Page 2).

During cross-examination, Witness Lee Evans responded to a question about whether any long-term benefits are baked into the Company's analysis of RNR monthly netting or are reflected in the current version of the RCB Framework that was updated and approved in the 2022 IRP (Docket no. 44160), stating "Let me clear that up… It did not recognize any of those benefits" (Tr. 3793, Lines 19-22).

SACE and Southface Witnesses Dr. Marilyn Brown and Alden Hathaway provide specific examples of the many benefits of customer-sited solar that may fall outside the scope of the RCB Framework as currently written and approved. For example, Witness Alden Hathway shows that distributed solar generation can be a critical resource to increase overall system load factors, which, in addition to increasing reliability and resiliency, can result in significant reduction in system costs that can place downward pressure on rates and save money for all customers on the system

(Docket No. 44280, Document No. 192145, Tr. 4975, Lines 5-8). Witness Kevin Lucas provided similar evidence on load factors that is complementary to Witness Alden Hathaway (Docket No. 44280, Document 191860, Tr. 3287, Lines 6-9). Witness Alden Hathaway calculated and compared load factors and electric rates across six states – Tennessee, Alabama, Florida, South Carolina, North Carolina, and Georgia – with data for 2008-2011. He found that over that period, "all states including Georgia saw a reduction in their system load factor and an increase in electric rates. Of all the six states, Georgia's load factor was only better than Alabama's" (Docket No. 44280, Document No. 192145, Tr. 4977, Lines 12-14).

In addition, as discussed by SACE and Southface Witness Dr. Marilyn Brown in her pre-filed testimony and oral summary, only a cost-of-service study might elucidate these broader benefits, even if outside the approved RCB Framework. In this regard, Witness Dr. Marilyn Brown states,

> "…a cost-of-service study should be conducted by the Company and provided to the Commission prior to the next rate case. Not all of the benefits of customer-sited solar are accounted for in the cost shift analysis in Lee Evans' and Larry Legg's testimony, including, for instance, its positive impact on health, climate, clean water, and resilience" (Docket No. 44280, Tr. 5000, Lines 10-17).

SACE and Southface urge the Commission to **consider the many wider and longer-term benefits of BTM solar, especially those that benefit Georgia's economy, and recognize that the Company can choose to use the RCB Framework as an evolving roadmap or as a shield**.

D. SOLAR TAX DOLLARS FLOW TO STATES WITH REGULATORY TREATMENTS COMPLEMENTARY TO THE SOLAR INVESTMENT TAX CREDIT ("ITC") RESTORED IN THE IRA.

Although Georgia Power posits the limited potential of the Infrastructure and Investment Jobs Act ("IIJA") and IRA to reduce costs and place downward pressure on rates during the three-year ARP for this case, identifying only $44 million in benefits in its pre-filed rebuttal testimony (Docket No. 44280, Document No. 192167, Tr. 4003, Lines 3-5), the Company concurrently suggests that the reinstatement of the 30% investment tax credit ("ITC") for custom-sited solar in the IRA will alone catalyze the expansion of BTM solar development in Georgia. Georgia Power Witness Dr. David Gattie, in his pre-filed testimony for this proceeding, asserts, "As a result of the IRA, Georgia is likely to see considerable growth in the rooftop solar market in the coming years… Given the generous benefits provided by the IRA and Georgia's proven track record in developing these resources, I conclude that further ratepayer investments are not needed to encourage this growth" (Docket No. 44280, Document No. 191865, Tr. 3844, Lines 22-26). SACE and Southface Witnesses Dr. Marilyn Brown and Alden Hathaway provide compelling evidence to the contrary.

SACE and Southface contend that complementary regulatory treatments and rate designs for BTM solar generation are critical to incentivize customer adoption of photovoltaic ("PV") systems and, therefore, capitalize on tax credits restored under the IRA. As Witness Dr. Marilyn Brown testified, the 30% ITC has existed for most of the past sixteen years, starting in 2006 as a result of the Energy Act of 2005 (Docket No. 44280, Document No. 192146, Tr. 4907, Lines 7-9), yet, as discussed above, rooftop solar penetration in Georgia is only 0.2% of residential customers (Docket No. 44280, Document No. 192146, Tr. 4894, Lines 2-3).

In their pre-filed direct testimony, SACE and Southface Witnesses Dr. Marilyn Brown and Alden Hathway provide estimates of both historical and future tax revenues, respectively, that flow to states with more conducive NEM tariffs and rate designs than those offered by Georgia Power. Witness Dr. Marilyn Brown estimates **$429 million of Georgia's tax dollars have gone to other states from 2010-2019**, attesting that, "Our citizens have been subsidizing other states to the tune of $429 million of investment tax credits that other states have collected from the taxes we've paid" (Tr. 5016, Lines 11-14). SACE and Southface Witness Alden Hathway estimates lost tax revenues into the future, concluding,

> "If net metering is not adopted, then we will be witnessing one of the larger federal tax shifts Georgia, and Georgia taxpayers, have ever seen. Without net metering, those 295,000 solar rooftops [a Drawdown Georgia target] do not happen, and the **nearly $250 million per year in IRA Funds, on average, is transferred from Georgia taxpayers to solar investors in other states where there is net metering**" (Docket No. 44208, Tr. 5012, Lines 9-18).

Responding to Commissioner Echols' question, "...how could our Commission be, you know, prudent in making sure we don't go too far and create these problems?" (Tr. 5015, Lines 5-7) Witness Dr. Marilyn Brown highlighted both the substantial room Georgia Power has to grow customer-sited solar and the tremendous opportunities that the clean energy transition, and electrification, provide to the Company and the Commission, stating,

> "Over the next three years, you could put in place 75,000 new systems or something like that and *that will not even get you anywhere near the 10 percent total*, but in three years' time, the world is going to be different. Batteries are going to play such a big role. And so *you will have an opportunity* while we're getting the rooftop

solar in place to figure out how batteries and electric vehicles are going to change the complex of electrification. So, I don't think we're ever going to be [in] the situation where California is… We're going to be blessed with a whole lot of new gadgets in our houses" (Tr. 5015, Lines 8-21) (our emphasis).

Although Witness Dr. Marilyn Brown mentioned a cap of 75,000 new households in the hypothetical above, to be clear, SACE and Southface, following Witness Dr. Brown's pre-filed direct testimony, recommend that **RNR monthly netting be reinstated with no cap for the next three years**. We do so to explicitly address several parts of Commissioner Shaw's motion from the 2022 IRP, not previously quoted above, which states,

"Rather than continuing to try to address rooftop solar with a series of temporary and partial measures where some customers receive net metering while others receive only avoided cost or, in some cases, nothing at all, I move the Commission direct Staff and the Company to each address the appropriate structure and pricing for the RNR-10 tariff in the current rate case so… the Commission would have more options than simply deciding whether or not to continue temporarily doling out net metering *to a subset of customers*" (our emphasis).[9]

SACE and Southface recommend that RNR Monthly Netting be reinstated and uncapped, **so all customers, not a subset, would have an opportunity to receive retail rates for exported solar**. The Company's proposal, to keep the cap in place at 5,000 customers, most certainly does not address the differential treatment of customers as illuminated by Commissioner Shaw. During the three-year ARP, the Commission, PSC Staff, the Company, and stakeholders can engage in a more robust process of data collection and analyses, collaboration, and education, while allowing

[9] Georgia Power's 2022 IRP (Docket No. 44160), PIA Staff's Proposed Order Adopting Stipulation, July 29, 2022, Page 44, Paragraph 71.

hard-working Georgians to keep their tax dollars in the state, on their roofs, and invested in our electricity grid.

II. GEORGIA POWER'S IDENTIFICATION AND USE OF NEWLY AVAILABLE FEDERAL FUNDS

A. CONSUMER AND ENERGY ECONOMICS FUNDAMENTALLY CHANGED SINCE GEORGIA POWER CONCLUDED ITS 2022 INTEGRATED RESOURCE PLAN ("IRP") AND FILED ITS 2022 RATE CASE.

The IIJA became law on November 15, 2021, only two and a half months before Georgia Power filed its 2022 IRP and DSM Application on January 31, 2022. The IRA became law on August 16, 2022, one and a half months *after* Georgia Power filed its 2022 Rate Case on June 24, 2022.

Taken together, the **IIJA and IRA represent one of the largest investments in climate and energy in U.S. history**. As described by Witness Ronald Lehr, the IRA provides more than $413 billion in new funding for climate and energy and the IIJA's $168 billion in funding largely flows to transportation, climate, and electricity (Docket No. 44280, Document No. 191855, Tr. 3707, Lines 21-24). These changes to consumer and utility economics are likely to increase the potential for consumer benefits during the three-year ARP. SACE and Southface recognize that Georgia Power could not change its filing deadlines to accommodate potential federal legislation, but now that legislation is law, the Company must work with the Commission to adjust its revenue forecasts and requests accordingly through annual reviews of revenue for cost savings *during* the three-year ARP.

B. THE COMMISSION HAS THE REGULATORY TOOLS NEEDED TO ORDER GEORGIA POWER TO IDENTIFY, TRACK, AND USE FEDERAL FUNDS THROUGH ANNUAL REVIEWS OF REVENUE FOR COST SAVINGS.

Georgia Power requests a levelized rate increase of $889 million in year one, amounting to an overcollection of more than $284 million.[10] The Company argues that the proposed levelized rate increase will save customers $40 million over three years while providing rate stability (Docket No. 44280, Document No. 191821, Tr. 099, Lines 17-19). As SACE and Southface Witness Ronald Lehr discussed, however, Georgia Power provides no analysis of the net present value of money and its impacts on individual ratepayers, nor does the Company discuss the ramifications of locking into a pathway in which it cannot maximize the potential IIJA and IRA benefits during the three-year ARP. To the contrary, **annual reviews of these savings potentials and their utilization should inform rate adjustments during the ARP plan years**.

SACE and Southface agree with PIA Staff Witnesses Rob Trokey and Ralph Smith who suggest that the Company should "try to keep 2023 as low as you can and then… have step increases for 2024 and 2025" (Docket No. 44280, Tr. 1402, Lines 8-9). Critically, when responding to a question from Commissioner Echols about PIA Staff's recommendation, Witness Ralph Smith states,

> "...within the context of this base rate increase request, the Commission can minimize the impact on 2023 by adopting the staff recommendation to use a step-increase approach, rather than the Company's proposal for levelizing the entire three-year increase…" (Docket No. 44280, Tr. 1402, Lines 17-22).

[10] Georgia Power's 2022 Rate Case (Docket No. 44280), Supplemental Filing (Document No. 191294), APA-SPA-ADH-MBR-1, Schedule 2 Traditional Base Supplemental, Levelization Traditional Base tab.

Other intervenors in this proceeding have made similar recommendations, including Witness Steve Chriss for the Commercial Group (Docket No. 44280, Tr. 2458, Lines 4-10). SACE and Southface emphasize to the Commission that **adopting PIA Staff's recommendation for an annual step increase, supported by Witness Ronald Lehr, provides the Company with the best opportunity to identify and use newly available federal funds for cost savings *during* the proposed three-year ARP**.

C. GEORGIA POWER HAS IDENTIFIED SEVERAL IMMEDIATE FINANCIAL OPPORTUNITIES FROM THE IIJA AND IRA, BUT MANY OTHERS WILL TAKE MONTHS TO BECOME OPERATIONAL.

In its rebuttal testimony and expanding upon a previous response to a PSC Staff data request,[11] Georgia Power identifies $44 million in tax credits associated with the IRA (Docket No. 44280, Document No. 192167, Tr. 4003, Line 3-5). SACE and Southface commend the Company for its initial efforts to reduce costs using these newly available federal funds, but we urge the Commission to recognize (i) the magnitude of newly available funding – especially the substantial funding coming available through provisions and programs specifically designed for vertically integrated utilities and the electricity sector – and (ii) the reality that, collectively, these laws have thousands of complex provisions that must go through various pipelines and processes, for example, related to solicitations, comments, rulemaking, and implementation, to name a few. These **newly available and emerging funds – both large and small – from IIJA and IRA will continue to roll-out over the coming weeks, months, and years, which makes it especially critical that the Company not lock ratepayers into a levelized rate increase in a three-year**

[11] Georgia Power's 2022 Rate Case (Docket No. 44280), Response to Data Request STF-LA-5-14 (Document No. 191627).

ARP that has no established mechanisms for the annual review of available funding and revenue requirements for cost savings.

While SACE and Southface recognize we cannot provide an exhaustive list of where, how, and when the Company may be able to benefit from federal funding, we provide below two brief examples that complement the discussion of IIJA and IRA funding by Witness Ronald Lehr. First, Georgia Power states that its initial analysis of IRA guidelines determined that the Company is ineligible for zero-emission nuclear production tax credits ("PTCs"), but they "are hopeful additional guidance form the Treasury will be issued on the gross receipts calculation used to calculate the credits that may allow the Company to qualify for the credits for the benefit of customers" (Docket No. 44280, Tr. 4004). SACE and Southface understand the current uncertainty and complexity surrounding timelines, rules, requests, and implementation deadlines for these newly available federal funds, especially the IRA. We also appreciate and do not discount the possibility that, as formal guidance and rulemaking takes place, opportunities not yet identified – or initially analyzed by the Company as irrelevant or inaccessible – may become available during the next three years.

SACE and Southface, therefore, urge the Commission to (i) avoid allowing the Company to lock into an unadjustable three-year ARP and (b) order the Company to track the development of IIJA and IRA funds through a formalized tracker developed and shared with PSC Staff. SACE and Southface Witness Ronald Lehr provided several examples from other states and utilities that might serve as useful references for the Commission, PSC Staff, and the Company to consider, including the recent funding tracker collaboratively developed by Missouri PSC Staff and Ameren Missouri (Docket No. 44280, Document No. 191855, Tr. 3711, Lines 3-14). As Witness Lehr noted in his pre-filed testimony, Ameren Missouri concludes that net IRA benefits will result in a

reduction in customers rates of approximately *four and a half percent per year* compared to in the absence of the IRA (Docket No. 44280, Document No. 191855, Tr. 3711, Lines 11-13).

Absent appropriate review and regulation, however, Georgia Power may not pursue certain federal savings opportunities that would reduce the rate base. For example, the Company omits any discussion of new IIJA financing facilities available to utilities for investments in T&D. **Specifically, Sections 40105 (Transmission siting via national interest corridors), 40106 (Transmission facilitation program), and 40107 (Smart grid investment program) of the IIJA relate to financing facilities for large T&D investments by utilities**.[12]

D. GEORGIA POWER IS FORTUNATE THAT ITS $2.9 BILLION REVENUE REQUEST AND UPCOMING BILL INCREASES FROM FUEL COSTS AND NUCLEAR PLANT VOGTLE OCCUR ALONGSIDE THE LARGEST INVESTMENT IN CLIMATE AND ENERGY IN U.S. HISTORY.

In his pre-filed testimony for this proceeding, Georgia Power's President, Chairman, and CEO, Christopher Womack, said:

> "While some level of inflation is always anticipated and applies upward pressure on our cost to serve… The current significant levels of inflation fueled by national and local economic forces impact our cost to serve customers and must be appropriately reflected in our rates" (Tr. 079, Lines 7-11).

In addition to the ongoing COVID-19 pandemic and volatile geopolitical conditions, the Company cites an "elevated inflationary environment" as the third key factor underlying current economic challenges (Docket No. 44280, Document No. 190559. Tr. 206, Lines 15-21). These challenges,

[12] O'boyle, Michael, Dan Esposito, and Michelle Solomon, October 2022, "Implementing the Inflation Reduction Act: A Roadmap for State Electricity Policy", Energy Innovation Policy and Technology LLC.

according to the Company, require that Georgia Power not only increase its cost to serve, but also request an increase in the Return on Equity ("ROE") set point at 11%, with a 56% equity ratio.

SACE and Southface assert that regulatory environments complimentary to the IRA will have opportunities to put downward pressure on rates through the smart identification and use of newly available federal dollars. **Perhaps the *Inflation Reduction* Act is not the best name; the *Inflationary Impacts Reduction* Act may be more appropriate**, especially for vertically integrated utilities like Georgia Power.

III. GEORGIA POWER'S T&D REQUESTS

A. T&D INVESTMENTS REPRESENT A LARGE PORTION OF COSTS INCLUDED IN THE COMPANY'S REQUEST, AND THEREFORE MERIT ADDITIONAL SCRUTINY AND OVERSIGHT BY THIS COMMISSION.

The Company is asking for rate recovery of $6.8 billion over the three-year ARP for T&D improvements in this rate request, which includes $2.2 billion in investments in the Company's Grid Investment Plan (Docket No. 44280, Document No. 190559, Tr. 075, Lines 19-22). Combined, these represent more than 40% of the total rate increase requested by the Company.[13] Furthermore, these requests represent significant increases compared to prior rate cases. As such, we believe it is of the utmost importance for the Commission to take decisive action to ensure T&D investments, both now and in the future, are fair and reasonable for inclusion in customer rates.

We support PIA Staff Witness Paul Alvarez's recommendation to adjust recovery of T&D (Docket No. 44280, Document No. 191867, Tr. 1626-1629). However, the PIA Staff's

[13] (($476 Million)/$1,042 Million)*100 = 45.7%

recommendation does not go far enough, and is insufficient to address many unknowns and significant risks to ratepayers as it relates more broadly to the Company's overall T&D investments, which are "...about triple historical investment levels before the introduction of the Grid Investment Plan…" and "even without the Grid Investment Plan, Georgia Power proposes a doubling in the level of traditional T&D investments" (Docket No. 44280, Document No. 191867, Tr. 1732, Lines 3-11). SACE and Southface assert that PIA Staff's analysis is insufficient based on their discussion of procedural constraints, such as the 30-day reply window for Company responses to data requests, for which PIA Staff Witness Paul Alvarez notes that "it did significantly reduce our opportunity to dig further" (Docket No. 44280, Tr. 1774, Lines 14-15).

B. THE COMMISSION SHOULD ORDER THE COMPANY TO WORK WITH THE COMMISSION, PIA STAFF, AND INTERESTED STAKEHOLDERS TO DEVELOP A CONSISTENT COST-BENEFIT FRAMEWORK AND METHODOLOGY TO EVALUATE T&D COSTS IN FUTURE RATE CASE REQUESTS BY THE COMPANY.

As we argued in the 2022 IRP and DSM Application (Docket Nos. 44160 and 44161), "Transmission and distribution lines built to interconnect new generation and growing customer demand often provide multiple and inter-linked benefits to the grid, including economic, reliability, and environmental benefits that merit full consideration by the Commission" (Docket Nos. 44160 and 44161, Document No. 190679, Page 11, Line 11). While SACE and Southface do not dispute, in general terms, the need for additional investment in T&D projects to maintain reliability of the Georgia Power system, **the Company has provided insufficient information as**

to whether any particular investment, or the overall level of investment proposed here, is fair and reasonable for the purposes of cost recovery.[14]

Both in the 2022 IRP and DSM Application (Docket Nos. 44160 and 44161) and in this proceeding, the Company stated it does not use a consistent cost-benefit calculation, test, framework, or methodology to evaluate the economics, cost-effectiveness, or ratepayer benefits from T&D projects (and alternatives) proposed for cost recovery in this proceeding. Nor does the Company utilize cost-benefit tests or a consistent economic evaluation methodology within its system planning processes more generally.[15]

This should be a significant concern and red flag for the Commission, as there is no clear threshold at which the Company would consider any proposed project to be cost-prohibitive, unreasonable, or unfair to pursue from a ratepayer perspective. Without a clear threshold and cost-benefit methodology being applied to evaluate the reasonableness and fairness of projects proposed for cost recovery, it is difficult, ***if not impossible***, to fairly evaluate the reasonableness of the Company's requests in this proceeding as it relates to T&D projects.

We repeatedly heard during the 2022 IRP (Docket No. 44160) and this proceeding that effective T&D system planning is urgently needed in Georgia (see, for example, Docket No. 44160, Tr. 0709-0712; Tr. 2112-2124 and Docket No. 44280, Tr. 1769-1771). In the 2022 IRP, SACE and Southface recently recommended the Commission establish a Transmission Planning Collaborative that includes opportunities for meaningful engagement by interested stakeholders to enable consideration of economic T&D system investments and alternatives (Docket No. 44160, Document No. 190679, Page 3). In the absence of such a process, or in addition to such a process, we recommend the Commission order the Company to work with the Commission, PIA Staff, and

[14] O.C.G.A. § 46-2-25(b).
[15] See, for example, Tr. 1759, Lines 8-9.

interested stakeholders to **develop a consistent cost-benefit framework and methodology for use in future rate case requests** made by the Company to this Commission.

C. THE COMMISSION HAS ORDERED THE COMPANY TO DEVELOP COST-BENEFIT FRAMEWORK METHODOLOGIES FOR OTHER RESOURCE INVESTMENTS IN PREVIOUS RATE CASES.

The Commission regularly utilizes a cost-benefit framework and analysis to evaluate the reasonableness of Company investments in renewable resources, DSM programs, and fossil generation. In the 2013 Georgia Power Rate Case (Docket No. 36989), the Commission ordered the development of the RCB Framework. Our recommendation to establish a cost-benefit framework for T&D planning and investments is consistent with past precedent of this Commission and is urgently needed to ensure fair and reasonable rates.

IV. GEORGIA POWER'S ALLOCATION OF NUCLEAR PLANT VOGTLE COSTS

In the final Order for Docket No. 43838 (Document No. 187633) the Commission expressed that it "does not disagree that special provisions for low-income residential customers may be appropriate but finds that such provisions are better suited for consideration during the upcoming general Rate Case where the Commission will have access to more data and can consider them in a broader context of the Company's overall rate design."

In that same Order, the Commission summarized points from the SACE Brief. Those additional excerpts from the Order are included below for convenience:

"SACE further recommended that the Commission exempt low-income residential customers (at or below 200% of the Federal poverty level) from any rate increase associated with

Plant Vogtle, arguing that doing so is within the discretion of the Commission (Tr.223) and consistent with prior decisions (pointing to the provisions for income-qualified customers in the 2019 IRP Orders and 2019 Rate Case). (SACE Brief p. 3)."

"SACE requested that the Commission consider the historically disproportionate allocation of the NCCR rider when deciding on the allocation of rate increases, arguing that an equal allocation is not an equitable allocation. SACE pointed out that the Company collected $3.5 billion via NCCR from January 2011 through December 2020, with over 47% ($1.66 billion) coming from Residential customers, 40% (1.39 billion) from Commercial customers (Georgia Power's response to Staff Data Request STF-198-25-b), and only 11.5% ($401 million) from Industrial customers. (Tr.218-220)."

CONCLUSION

Based on the foregoing and other evidence in the record, the Commission should direct Georgia Power to do the following:

1. **REINSTATE RNR MONTHLY NETTING, UNCAPPED FOR THREE YEARS**, during which time the Company must:
    a. Hold workshops with relevant stakeholders to (i) consider alternative compensation rates for excess generation; (ii) monitor industry developments and local consumer protections; and (iii) engage with and educate Georgia Power's customers on the benefits of BTM solar and the recently restored 30% ITC available to Georgia's taxpayers.

b. Conduct a cost-of-service study and provide it to Commissioners, PSC Staff, and interested stakeholders prior to the 2025 Rate Case.

c. Reduce the proposed interconnection fee for the RNR tariff to the $100 recommendation of PIA Staff and waive this fee for income-qualified customers.

2. **IDENTIFY, TRACK, AND SECURE NEWLY AVAILABLE FEDERAL FINANCIAL RESOURCES TO LOWER COSTS TO RATEPAYERS** across the proposed three-year ARP, during which time, the Company must:

   a. Provide annual reviews of revenue requirements that identify cost savings available from federal funding in 2024 and 2025, within the three-year ARP.

   b. Adopt an annual step increase with annual review and adjustment for savings from federally available funds instead of locking into the proposed levelized increase.

   c. Develop federal funding tracking processes – agreed upon by the Commission and in collaboration with PIA Staff – which include anticipated funding as well as actual and estimated costs and benefits to customers and the Company.

   d. Provide tax and other savings to benefit customers, including to offset anticipated rate and bill increases during the 2023-2025 period.

3. **WORK WITH COMMISSION STAFF AND STAKEHOLDERS TO DEVELOP A COST-BENEFIT FRAMEWORK METHODOLOGY FOR T&D INVESTMENTS.**

4. **RESOLVE OPEN ITEMS FROM THE RATE ADJUSTMENT PROCEEDING FOR VOGTLE UNIT 3 (DOCKET NO. 43838), WHICH THE COMMISSION**

RECOMMENDED BE ADDRESSED IN THE CURRENT PROCEEDING. THOSE INCLUDE TWO RECOMMENDATIONS FROM SACE:

a. The Commission exempt low-income residential customers – at or below 200% of the Federal poverty level – from any rate increase associated with Plant Vogtle.

b. The Commission considers the historic, disproportionate allocation of the NCCR rider when deciding the allocation of the rate increase it considers most equitable.

Respectfully submitted this 8th day of December 2022.



L. Craig Dowdy
Steven L. Jones
Counsel for the Southern Alliance for Clean Energy and Southface Energy Institute