

**BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF: GEORGIA POWER
COMPANY'S TWENTY-SEVENTH SEMI-
ANNUAL VOGTLE CONSTRUCTION
MONITORING REPORT**

DOCKET NO. 29849

DIRECT TESTIMONY

AND EXHIBIT

OF

SHEMETHA Q. JONES

ON BEHALF OF THE

GEORGIA PUBLIC SERVICE COMMISSION

PUBLIC INTEREST ADVOCACY STAFF

January 3, 2023

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Exhibit:

STF-SQJ Resume of Shemetha Q. Jones

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 **A.** My name is Shemetha Q. Jones, and I am an analyst for the Georgia Public Service
4 Commission (“Commission” or “PSC”) on the Vogtle Construction Monitoring
5 Docket 29849. My business address is 244 Washington Street, S.W., Atlanta,
6 Georgia, 30334.

7 **Q. MRS. JONES, PLEASE STATE YOUR EDUCATIONAL BACKGROUND**
8 **AND WORK EXPERIENCE.**

9 **A.** I received a Master of Science degree in Accounting from the University of New
10 Orleans and I am a Certified Public Accountant. I received a Bachelor of Science
11 degree in Chemistry from Spelman College. Before joining the Commission in
12 2010, I worked as a tax consultant/tax associate in the private sector for three and
13 a half years. I have been assigned to the Vogtle Monitoring Team for seven and a
14 half years. Prior to joining this team, I worked at the Commission for five years as
15 an analyst in the Energy Efficiency and Renewable Energy Group (“EERE”). I
16 have served on the Public Interest Advocacy Staff for the 2013 IRP, 2010 IRP, and
17 2010 Rate Case and as a member of the Commission’s Advisory Staff in the 2019
18 and 2013 Rate Cases. Also, I have served on the 2021 Vogtle Unit 3 Rate
19 Adjustment Proceeding as a member of the Commission’s Public Interest
20 Advocacy Staff in Docket 43838. My resume is included in Exhibit STF-SQJ.

21 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION?**

22 **A.** Yes, I have testified in Docket No. 36499, Georgia Power’s 2013 DSM (“Demand
23 Side Management”) Certification and in Docket No. 29849, Georgia Power

1 Company's 14th, 16th, 17th, 18th, 19th, 20th/21st, 22nd, 23rd, 24th, 25th and 26th Vogtle
2 Construction Monitoring proceedings.

3 **Q. WHOM ARE YOU REPRESENTING IN THIS PROCEEDING?**

4 **A.** I am representing the Commission's Public Interest Advocacy Staff ("Staff").

5 **II. PURPOSE OF ASSIGNMENT**

6 **Q. WHAT IS YOUR ASSIGNMENT IN THIS PROCEEDING?**

7 **A.** My assignment in this proceeding is to review Georgia Power Company's
8 ("Company" or "GPC") share of the monthly Vogtle Units 3 & 4 Site Construction
9 Management Costs and Owner's Costs included in the Twenty-Seventh Semi-
10 Annual Vogtle Construction Monitoring Report for the six-month reporting period
11 January 1, 2022 through June 30, 2022 ("Reporting Period"). In addition to
12 reviewing the monthly cost data, I also reviewed the Company's accounting
13 procedures and guidelines. The purpose of this detailed review was to confirm that
14 Vogtle Units 3 & 4 costs were supported by adequate documentation and confirmed
15 by Company personnel responsible for reviewing and approving the costs charged
16 to the Vogtle Units 3 & 4 Construction Project ("Project") Construction Work In-
17 Progress Account ("CWIP"). In addition, I reconciled the Project costs as filed by
18 the Company with this Commission against the Company's general ledger
19 accounts. During this process, I provided feedback to the Company and Staff
20 regarding the review and reconciliation of the Project costs in addition to noting
21 any problems that were found in the monthly reports and provide any further
22 recommendations with respect to the organization and confirmation of costs
23 included in the Reporting Period.

1 **Q. DID YOU PERFORM AN AUDIT OF THE VOGTLE 3&4 PROJECT**
2 **COSTS?**

3 **A.** No, I did not perform an audit. Staff only performed a review of Project costs.
4 Therefore, I cannot give an opinion¹ on whether there were any material
5 misstatements of the Company’s reported Project costs or issues with the
6 accounting controls and procedures in place because providing an opinion is outside
7 the scope of a review. I reviewed, among other documents, Project reported costs,
8 invoices, internal audit reports, external audit reports, and the Company’s
9 accounting procedures & guidelines. I also made inquiries as necessary and became
10 familiar with internal controls. While a review does share the goal of an audit,
11 which is to provide a level of assurance that there are no material misstatements
12 with project costs or financial statements, a review is not conducted with the same
13 level of investigation or analysis as an independent audit described on the next
14 page. Therefore, a review only provides *limited* assurance while an audit provides
15 *reasonable* assurance that the financial statements, or costs, are free from material
16 misstatement.

17 **Q. WHO IS THE COMPANY’S EXTERNAL AUDITOR?**

18 **A.** Deloitte & Touche LLP (“Deloitte”) has been the Company’s auditor since 2002.
19 They are responsible for auditing the Company’s financial statements and giving
20 an opinion on the financial statements.

¹ An opinion is a written statement by an auditor that describes whether a Company’s financial statements or costs are in accordance to Generally Accepted Accounting Principles (GAAP). It also describes the basis for the opinion (refer to lines 8-18 on page 4).

1 **Q. DID DELOITTE PERFORM A SPECIFIC AUDIT OF THE COSTS**
2 **CHARGED TO THE VOGTLE PROJECT?**

3 **A.** No. Deloitte audited the financial statements of Southern Company as a whole.

4 **Q. PLEASE EXPLAIN DELOITTE’S ROLE.**

5 **A.** Deloitte performed an audit of Southern Company’s annual financial statements for
6 the years ending December 31, 2021 and 2020. Deloitte conducted the audit in
7 accordance with the standards of the Public Company Accounting Oversight Board
8 (“PCAOB”). PCAOB standards require that they plan and perform the audit to
9 obtain reasonable assurance that the financial statements are free from material
10 misstatement, whether due to error or fraud. The audit examined evidence
11 supporting the information in the financial statements on a test basis, and the audit
12 by Deloitte evaluated the accounting principles used and significant estimates made
13 by management as well as the overall presentation of the financial statements.
14 Deloitte was also engaged to audit Southern Company’s internal control over
15 financial reporting for the same period. Deloitte stated that in its opinion the
16 financial statements presented fairly, in all material respects, the financial position
17 of Southern Company as of December 31, 2021 and 2020 (and the results of its
18 operations and its cash flows for each of the three years in the period ended
19 December 31, 2021) in conformity with accounting principles generally accepted
20 in the United States of America. Also, Deloitte stated in its opinion Southern
21 Company maintained, in all material respects, effective internal control over

1 financial reporting as of December 31, 2021, based on criteria established in
2 *Internal Control – Integrated Framework (2013)* issued by COSO².

3 **Q. DID GPC ENGAGE A COMPANY TO PERFORM AUDIT SERVICES**
4 **RELATED TO THE VOGTLE PROJECT DURING THE REPORTING**
5 **PERIOD?**

6 **A.** No.

7 **III. DISCUSSION OF PROJECT COST REVIEW PROCESS**

8 **Q. PLEASE DESCRIBE SOME OF THE VARIOUS REPORTS OR OTHER**
9 **DOCUMENTS PROVIDED BY THE COMPANY THAT YOU REVIEWED**
10 **THAT SUPPORT THE COST DATA PROVIDED IN THE PROJECT’S**
11 **MONTHLY STATUS REPORTS.**

12 **A.** I reviewed a number of reports included in the Company’s Monthly Financial
13 Records Cost Notebooks that provide support for the compilation of the Project
14 costs in the Project Monthly Status Reports. Some of the reports that were reviewed
15 include:

- 16 (1) WEC Invoice Review Binder, which contains WEC’s Invoices for
17 the Reporting Period under the Services Agreement.
- 18 (2) The Owner’s Cost/Project Cost Review Binders which contain
19 invoices during the reporting period mostly related to time and
20 materials (“T&M”) contract work, contract labor, legal fees, and
21 consulting services.

² Committee of Sponsoring Organizations of the Threadway Commission

- 1 (3) Bechtel Statement Cost Review Binder, which contains the Bechtel
2 Construction Contract Invoices and Monthly Funding Requests for
3 the Reporting Period.
- 4 (4) Monthly Construction Work in Progress Balances, Beginning and
5 End of Month for each month of the Reporting Period as reported in
6 the Monthly Budget Update to the PSC.
- 7 (5) Various supporting Pivot Table Reports extracted from the
8 Company's general ledger used to support reconciliations of the
9 detailed Additions, Accruals/Reversals, and amounts closed to the
10 Plant in Service Ledger Account included in the Monthly Status
11 Reports.

12 **Q. WITH REGARD TO YOUR REVIEW OF THE MONTHLY CWIP**
13 **BALANCES, WERE THERE ANY NEW COST CATEGORIES ADDED TO**
14 **BREAKOUT THE MONTHLY CWIP BALANCES?**

15 **A.** No. The categories were the same as in the 26th VCM reporting period.

16 **Q. PLEASE DISCUSS THE REVIEW PROCESS OF THE CWIP BALANCES**
17 **CONDUCTED BY STAFF.**

18 **A.** I reviewed the various reports noted on the previous page to reconcile the monthly
19 Vogtle 3 & 4 CWIP costs included in supplemental reports to the summary reports
20 and analyzed the month-to-month roll forward of costs for the Reporting Period.
21 These costs are contained in the electronic general ledger that rolls up to the
22 Project's Monthly Status Reports. The monthly detailed reporting documentation

1 served to support the Project's Monthly Status Reports. These reports provided
2 information related to capital expenditures recorded by the Company.

3 **Q. DOES THE COMPANY USE VARIOUS SOFTWARE MODELS THAT**
4 **CAPTURE AND EXTRACT COSTS TO CONFIRM ACCOUNTING AND**
5 **ASSIGNMENT OF THOSE COSTS INCURRED FOR THE PROJECT?**

6 **A.** Yes. Southern Company recently adopted Enterprise Foundations to simplify
7 business processes, standardize policies, and modernize business platforms across
8 the Southern Company enterprise. The new systems include Oracle ERP Cloud
9 and Oracle Analytics Cloud Services ("OACS"). The Oracle ERP Cloud contains
10 the general ledger and accounts payable systems, and OACS is utilized as a
11 reporting tool.

12 **Q. DID YOU SUBMIT ANY DATA REQUESTS TO THE COMPANY TO**
13 **ASSIST IN YOUR REVIEW OF THE COMPANY'S PROJECT**
14 **CONSTRUCTION COST REPORTING?**

15 **A.** Yes. I submitted formal data request STF-234 requesting the most current internal
16 and external audit reports in addition to performance audit reports that addressed
17 findings associated with the audit of accounting and financial reporting of the
18 Project construction costs. I submitted data requests for specific information
19 included in the monthly cost notebooks. I also requested information on any
20 changes in accounting procedures, guidelines or instructions since the last filing,
21 and Project costs associated with the Company's deferred assets and liabilities for
22 the reporting period.

1 **Q. WERE THERE ANY INTERNAL AUDIT REPORTS ISSUED BY THE**
2 **COMPANY OR SOUTHERN COMPANY SERVICES (“SCS”) THAT**
3 **ADDRESSED CONSTRUCTION COSTS FOR THE REPORTING**
4 **PERIOD?**

5 **A.** Yes. As noted in the Company responses to STF-234-3, SCS Internal Audit
6 Reports were issued as a result of the Vogtle 3&4 Subcontracts Contract
7 Administration Follow-Up and the Plant Vogtle 3&4 Preventative Maintenance
8 Audit.

9 **Q. DID ANY OF THE INTERNAL AUDIT REPORTS CONTAIN CRITICAL,**
10 **HIGH, OR MODERATE FINDINGS?**

11 **A.** No. As noted in the Company response to STF-234-3, there were only “low”
12 findings associated with the Plant Vogtle 3&4 Preventative Maintenance Audit.
13 (A low finding involves noncompliance or a condition that poses little risk to the
14 Company. It may be administrative in nature or an isolated instance).

15 **Q. PLEASE BRIEFLY DISCUSS THE AUDIT REPORTS MENTIONED IN**
16 **STF-234-3.**

17 **A.** The objective of the Vogtle 3&4 Preventative Maintenance Audit was to assess
18 the adequacy and effectiveness of current processes, procedures, and controls in
19 place to effectively manage the preservation and preventative maintenance
20 activities for the Vogtle 3&4 Project and to maintain an awareness of the potential
21 for fraudulent activity. The purpose of the Vogtle 3&4 Subcontracts Contract
22 Administration follow-up was to evaluate the status of the corrective actions
23 taken to effectively resolve the findings identified in the audit related to tracking

1 and expediting vendor data submittals. As a result, Internal Auditing has
2 determined that corrective actions have been taken to remediate the findings
3 identified in the original audit and considers the issue closed.

4 **Q. HAS THE COMPANY CONTINUED TO MAINTAIN ITS PROFICIENCY**
5 **IN THE ORGANIZATION AND REPORTING OF ITS FINANCIAL AND**
6 **ACCOUNTING DATA IN THE MONTHLY FINANCIAL RECORDS COST**
7 **NOTEBOOKS?**

8 **A.** Yes.

9 **Q. IS THE COMPANY'S COST NOTEBOOK CROSS-REFERENCING AND**
10 **ORGANIZATION PROCESS SUFFICIENT FOR STAFF TO CONDUCT**
11 **ITS REVIEW?**

12 **A.** Yes. At this point in the continuing review, Staff believes that the Company
13 maintains satisfactory cross-referenced and organized cost notebook data in
14 electronic format for the Staff to complete its review.

15 **Q. DID YOU REVIEW A SAMPLE OF THE OWNER'S COST/PROJECT**
16 **COST INVOICES FOR THE TWENTY-SEVENTH VCM REPORTING**
17 **PERIOD?**

18 **A.** Yes, I reviewed a sample of 1st Quarter and 2nd Quarter invoices for 2022.

19 **Q. PLEASE SUMMARIZE THE COMPANY'S REVIEW PROCESS OF**
20 **OWNER'S COSTS/PROJECT COSTS INVOICES.**

21 **A.** As noted in TS Attachment STF-234-8, GPC Nuclear Development Financial
22 Services performs a quarterly review of invoices classified as Owner's Cost,
23 Transmission, Procurement, Construction Support, Construction Subcontractors,

1 Construction Distributables, Field Non-Manual (“FNM”) Labor and Project
2 Management for Commission reporting purposes that primarily pertain to work
3 managed by SNC. The report on the review for 4th quarter 2021 was provided in
4 TS Attachment STF-234-8-a and 1st quarter 2022 in STF-234-8-b. GPC Nuclear
5 Development Financial Services selected invoices for testing based on random and
6 judgmental sampling techniques. Their sample included invoices for work
7 performed by vendors for Project cost efforts, T&M contract work, contract labor,
8 legal fees, and consulting services.

9 **Q. WERE THERE ANY ISSUES IDENTIFIED BY GPC NUCLEAR**
10 **DEVELOPMENT FINANCIAL SERVICES IN THE 4TH QUARTER 2021**
11 **AND 1ST QUARTER 2022?**

12 **A.** No. There were no issues identified.

13 **IV. DISCUSSION OF REVIEW PROCEDURES AND CONTROLS**

14 **Q. DOES THE COMPANY CONTINUE TO MAINTAIN OVERSIGHT OF ITS**
15 **VARIOUS CONTROLS AND PROCEDURES TO ENSURE ACCURATE**
16 **REPORTING OF PROJECT COSTS?**

17 **A.** The Company is continuing to maintain oversight of its controls and procedures to
18 ensure that Project costs are being properly recorded as indicated by the GPC
19 Nuclear Development Financial Management Monthly Procedure Check List,
20 Internal Auditing Assessments, and the quarterly Project Cost Review. Also, the

1 Company regularly updates and/or adds new accounting desktop procedures³ as it
2 deems necessary to ensure procedures are followed correctly.

3 **V. FINDINGS BASED UPON REVIEW**

4 **Q. PLEASE DISCUSS YOUR FINDINGS BASED UPON YOUR REVIEW OF**
5 **THE COMPANY’S REPORTING AND RECORDING OF THE PROJECT**
6 **CONSTRUCTION COSTS FOR THE REPORTING PERIOD.**

7 **A.** Based upon my review of the Vogtle Units 3 & 4 Project cost data reported in the
8 Company’s Monthly Financial Records Cost Notebooks for the Reporting Period,
9 I can provide limited assurance that there is no material misstatement with the
10 reported Project costs or issues with the accounting controls and procedures in place
11 and followed by the designated representatives of the Company at this time.

12 **VI. RECOMMENDATIONS**

13 **Q. DO YOU HAVE ANY SPECIFIC RECOMMENDATIONS FOR FUTURE**
14 **REVIEWS?**

15 **A.** Yes. As the construction of the Project continues, I recommend that the Company
16 continue to keep Staff apprised, as it has done in the past, of any and all changes in
17 the reporting of the Project’s costs from the lower detailed support to the summary
18 reports. This will allow Staff to complete its analysis in a timely and thorough
19 manner and to assess whether accounting guidelines and procedures are being
20 properly followed.

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

³ Accounting guidelines related to employee’s job tasks, STF-234-21.

1 A. Yes.

Education and Work Experience for Shemetha Jones

Education:

University of New Orleans, Master of Science (MS) in Accounting, December 2005

Spelman College, Atlanta, Georgia, Bachelor of Science in Chemistry, December 1998

Certifications: licensed CPA

Experience:

Georgia Public Service Commission

Analyst-Vogtle Construction Monitoring

4/15 to present

- Testified in six VCMs.
- Coordinate and manage the semi-annual Vogtle Financial Reviews, which consisted of analyzing spending on the project and CWIP roll-forward.
- Participate in monthly PMB meetings, SNC calls with NRC, and write data responses related to the project.
- Regularly review data responses and keep track of significant and outstanding project issues.
- Track & monitor project status by reviewing weekly & monthly status reports, MPR reports, etc.

Energy Efficiency Analyst

1/10-4/15

- Reviewed and analyzed Georgia Power's quarterly DSM status reports.
- Regularly met with the Company to discuss outstanding DSM issues.
- Reviewed and analyzed the Company's Impact and Process Evaluation, Technical and Economic Achievable Potential Study, Technology Catalog, and Program Implementation Manual.
- Served on the Advocacy staff in the 2010 and 2013 IRP and DSM Certification proceedings and 2010 Rate Case proceedings.
- Wrote data requests pertaining to the Company's 2010 and 2013 IRP filings and reviewed data responses.
- Facilitated DSM working group meetings, which included sending correspondence to members, taking minutes, and following up with Georgia Power on outstanding issues.

Deloitte Tax LLP

3/08 To 7/09

Tax Consultant

- Directed and guided consultants in meeting their objectives regarding the knowledge of state and local taxes
- Reviewed federal returns, state returns, and apportionment work papers on compliance engagements.
- Presented orally on pertinent state tax news filters and performed research on state tax issues.

PricewaterhouseCoopers

1/06 To 1/08

Tax Associate

- Prepared federal and state income tax returns including C corporations and partnerships for multi-state companies.
- Prepared and reviewed tax provisions for companies in accordance with FAS 109.
- Researched and documented federal and state tax laws to resolve any issues identified.