**Carrying Cost Assumptions Narrative**

In accordance with the Commission’s order in Docket No. 17066, the carrying cost rate on the under or over-recovery of fuel expense is set at Georgia Power’s monthly short-term cost of debt. Georgia Power does not collect carrying costs on the first $15 million of under-recovered fuel expense.

To calculate the projected carrying cost for Georgia Power’s fuel cost under or over-recovery balance, the Company takes the projected cumulative fuel cost under or over-recovery as of the end of each month and, if under-recovered, subtracts the first $15 million of under-recovered fuel expense. The Company’s effective tax rate of 25.296% is then applied to calculate the accumulated deferred income taxes. The total under or over-recovered fuel expense is adjusted by the accumulated deferred income tax amount. The net under or over-recovery is then multiplied by Georgia Power’s projected monthly short-term cost of debt. Georgia Power’s projected short-term cost of debt used in the carrying cost projection is obtained from REDACTED through the Treasury department at Southern Company Services.

Calculation of the projected carrying costs for the test period can be reviewed in the FCR-26 GPC Budget filed in MFRP-1.