BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

IN THE MATTER OF: GEORGIA POWER COMPANY'S TWENTY-EIGHT 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

June 22, 2023

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Exhibit:

STF-SQJ Resume of Shemetha Q. Jones

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

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

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

Q. HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION?

A. Yes, I have testified in Docket No. 36499, Georgia Power's 2013 DSM ("Demand Side Management") Certification and in Docket No. 29849, Georgia Power

Company's 14th, 16th, 17th, 18th, 19th, 20th/21st, 22nd, 23rd, 24th, 25th, 26th, and 27th Vogtle Construction Monitoring proceedings.

Q. WHOM ARE YOU REPRESENTING IN THIS PROCEEDING?

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

II. PURPOSE OF ASSIGNMENT

Q. WHAT IS YOUR ASSIGNMENT IN THIS PROCEEDING?

A. My assignment in this proceeding is to review Georgia Power Company's ("Company" or "GPC") share of the monthly Vogtle Units 3 & 4 Site Construction Management Costs and Owner's Costs included in the Twenty-Eight Semi-Annual Vogtle Construction Monitoring Report for the six-month reporting period July 1, 2022 through December 31, 2022 ("Reporting Period"). In addition to reviewing the monthly cost data, I also reviewed the Company's accounting procedures and guidelines. The purpose of this detailed review was to confirm that Vogtle Units 3 & 4 costs were supported by adequate documentation and confirmed by Company personnel responsible for reviewing and approving the costs charged to the Vogtle Units 3 & 4 Construction Project ("Project") Construction Work In-Progress Account ("CWIP"). In addition, I reconciled the Project costs as filed by the Company with this Commission against the Company's general ledger accounts. During this process, I provided feedback to the Company and Staff regarding the review and reconciliation of the Project costs in addition to noting any problems that were found in the monthly reports and provide any further recommendations with respect to the organization and confirmation of costs included in the Reporting Period.

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

A. No, I did not perform an audit. Staff only performed a review of Project costs. Therefore, I cannot give an opinion[1] on whether there were any material misstatements of the Company's reported Project costs or issues with the accounting controls and procedures in place because providing an opinion is outside the scope of a review. I reviewed, among other documents, Project reported costs, invoices, internal audit reports, external audit reports, and the Company's accounting procedures and guidelines. I also made inquiries as necessary and became familiar with internal controls. While a review does share the goal of an audit, which is to provide a level of assurance that there are no material misstatements with project costs or financial statements, a review is not conducted with the same level of investigation or analysis as an independent audit described on the next page. Therefore, a review only provides *limited* assurance while an audit provides *reasonable* assurance that the financial statements or costs are free from material misstatement.

Q. WHO IS THE COMPANY'S EXTERNAL AUDITOR?

A. Deloitte & Touche LLP ("Deloitte") has been the Company's auditor since 2002. They are responsible for auditing the Company's financial statements and giving an opinion on the financial statements.

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[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).

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

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

Q. PLEASE EXPLAIN DELOITTE'S ROLE.

A. Deloitte performed an audit of Southern Company's annual financial statements for the years ending December 31, 2022 and 2021. Deloitte conducted the audit in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB"). PCAOB standards require that they plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to error or fraud. The audit examined evidence supporting the information in the financial statements on a test basis, and the audit by Deloitte evaluated the accounting principles used and significant estimates made by management as well as the overall presentation of the financial statements. Deloitte was also engaged to audit Southern Company's internal control over financial reporting for the same period. Deloitte stated that in its opinion the financial statements presented fairly, in all material respects, the financial position of Southern Company as of December 31, 2022 and 2021 (and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022) in conformity with accounting principles generally accepted in the United States of America. Also, Deloitte stated in its opinion Southern Company maintained, in all material respects, effective internal control over

financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO[2].

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

A. No.

III. DISCUSSION OF PROJECT COST REVIEW PROCESS

Q. PLEASE DESCRIBE SOME OF THE VARIOUS REPORTS OR OTHER DOCUMENTS PROVIDED BY THE COMPANY THAT YOU REVIEWED THAT SUPPORT THE COST DATA PROVIDED IN THE PROJECT'S MONTHLY STATUS REPORTS.

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

(1) Westinghouse Electric Company LLC ("WEC") Invoice Review Binder, which contains WEC's Invoices for the Reporting Period under the Services Agreement.

(2) The Owner's Cost/Project Cost Review Binders which contain invoices during the reporting period mostly related to time and

[2] **Committee of Sponsoring Organizations of the Threadway Commission**

materials ("T&M") contract work, contract labor, legal fees, and consulting services.

(3) Bechtel Statement Cost Review Binder, which contains the Bechtel Construction Contract Invoices and Monthly Funding Requests for the Reporting Period.

(4) Monthly Construction Work in Progress Balances, Beginning and End of Month for each month of the Reporting Period as reported in the Monthly Budget Update to the PSC.

(5) Various supporting Pivot Table Reports extracted from the Company's general ledger used to support reconciliations of the detailed Additions, Accruals/Reversals, and amounts closed to the Plant in Service Ledger Account included in the Monthly Status Reports.

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

A. No. The categories were the same as in the 27th VCM reporting period.

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

A. I reviewed the various reports noted on the previous page to reconcile the monthly Vogtle 3 & 4 CWIP costs included in supplemental reports to the summary reports and analyzed the month-to-month roll forward of costs for the Reporting Period. These costs are contained in the electronic general ledger that rolls up to the

Project's Monthly Status Reports. The monthly detailed reporting documentation served to support the Project's Monthly Status Reports. These reports provided information related to capital expenditures recorded by the Company.

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

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

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

A. Yes. I submitted formal data request STF-243 requesting the most current internal and external audit reports in addition to performance audit reports that addressed findings associated with the audit of accounting and financial reporting of the Project construction costs. I submitted data requests for specific information included in the monthly cost notebooks. I also requested information on any changes in accounting procedures, guidelines or instructions since the last filing, and Project costs associated with the Company's deferred assets and liabilities for the reporting period.

Q. WERE THERE ANY INTERNAL AUDIT REPORTS ISSUED BY THE COMPANY OR SOUTHERN COMPANY SERVICES ("SCS") THAT ADDRESSED CONSTRUCTION COSTS FOR THE REPORTING PERIOD?

A. Yes. As noted in the Company responses to STF-243-3, SCS Internal Audit Reports were issued as a result of the Vogtle 3&4 Corrective Action Program Governance Audit, the Vogtle 3&4 Initial Testing Program ("ITP") Schedule Management Audit, the Vogtle 3&4 Investment Recovery ("IR") Audit, the Vogtle 3&4 Budget and Cost Management Audit, and the Vogtle 3&4 Unit 4 Environmental, Safety, and Health Audit.

Q. DID ANY OF THE INTERNAL AUDIT REPORTS CONTAIN HIGH AND/ OR MODERATE FINDINGS?

A. Yes. As noted in the Company response to STF-243-3, there were high and/or moderate findings associated with the Vogtle 3&4 ITP Schedule Management Audit and the Vogtle 3&4 Investment Recovery Audit. Management has initiated an action plan to resolve the items. (Moderate findings indicate a noncompliance or condition that poses a risk to the Company while a high finding indicates a noncompliance or condition that poses a higher risk to the Company).

Q. PLEASE BRIEFLY DISCUSS THE AUDIT REPORTS MENTIONED ABOVE.

A. The objective of the Vogtle 3&4 ITP Schedule Management Audit was to assess the adequacy and effectiveness of current personnel, processes, procedures, and controls in place to manage, oversee, and communicate Vogtle 3&4 ITP

scheduling activities. The purpose of the Vogtle 3&4 Investment Recovery Audit was to assess the adequacy and effectiveness of Vogtle 3&4 investment recovery processes, procedures, and applicable guidelines, and maintain an awareness of the potential for fraudulent activity.

Q. PLEASE DISCUSS THE FINDINGS IN THE VOGTLE 3&4 ITP SCHEDULE MANAGEMENT AUDIT.

A. The observations include the following: (a) the long-term schedule compression approach, along with uncommunicated changes applied to the ITP schedule activities, have negatively impacted the team's ability to understand expectations and their overall morale, resulting in questioned reliability of the projected schedule (b) a significant number of Unit 3 Maintenance and ITP work orders remain open in Maximo with a status of "field work possible" and without a corresponding open activity in the IPS (c) the timing of retest identification during the Construction Work Authorization ("CWA") process may impact effective schedule analysis (d) no formal ITP resource management plan (e) and schedule adherence related to Unit 3 ITP activities remains extremely low even as milestones become near term.

Q. PLEASE DISCUSS THE FINDINGS IN THE VOGTLE 3&4 INVESTMENT RECOVERY AUDIT.

A. Internal Audit noted that the current procedure for the Vogtle 3&4 Investment Recovery program does not properly address site-specific governing processes and controls. In addition, there is currently no segregation of duties for administering the investment recovery vendor contracts, resulting in non-

compliance with contractual terms & conditions and Company policies and procedures.

Q. WHAT IS SITE MANAGEMENT'S RESPONSE TO THE VOGTLE 3&4 ITP SCHEDULE MANAGEMENT AUDIT.

A. Site management agreed to implement action items as a result of the findings. Some of the action items include implementing corrective actions in accordance with the Corrective Action Program, completing a work environment assessment of the ITP group and implementing actions to address observations in the assessment, developing process guidelines to document roles and responsibilities for review and resolutions of activities identified as "field work possible" in Maximo, and developing guidelines and establishing a process for monitoring schedule adherence of all resource driven scheduled activities within the ITP schedule file. Please refer to TS attachment STF-243-3-b for a detailed list of all of the action items.

Q. WHAT IS SITE MANAGEMENT'S RESPONSE TO THE VOGTLE 3&4 INVESTMENT RECOVERY AUDIT.

A. Site management agreed to implement action items as a result of the findings. The Vogtle 3&4 Project team will issue a site-specific procedure that dovetails with the current processes and procedures. In addition, Investment Recovery management will develop a process to ensure separation of duties, work with SCM Contracts to ensure that all IR Project contracts are updated and documented in Maximo, and work towards identifying appropriate delegation of authorities.

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

A. Yes.

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

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

Q. DID YOU REVIEW A SAMPLE OF THE OWNER'S COST/PROJECT COST INVOICES FOR THE TWENTY-EIGHT VCM REPORTING PERIOD?

A. Yes, I reviewed a sample of 3rd Quarter and 4th Quarter invoices for 2022.

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

A. As noted in TS Attachment STF-243-8, GPC Nuclear Development Financial Services performs a quarterly review of invoices classified as Owner's Cost, Transmission, Procurement, Construction Support, Construction Subcontractors, Construction Distributables, Field Non-Manual ("FNM") Labor and Project Management for Commission reporting purposes that primarily pertain to work managed by SNC. The report on the review for 2nd quarter 2022 was provided in

TS Attachment STF-243-8-a and 3rd quarter 2022 in STF-243-8-b. GPC Nuclear Development Financial Services selected invoices for testing based on random and judgmental sampling techniques. Their sample included invoices for work performed by vendors for Project cost efforts, T&M contract work, contract labor, legal fees, and consulting services.

Q. WERE THERE ANY ISSUES IDENTIFIED BY GPC NUCLEAR DEVELOPMENT FINANCIAL SERVICES IN THE 2ND QUARTER 2022 AND 3RD QUARTER 2022?

A. No. There were no issues identified.

IV. DISCUSSION OF REVIEW PROCEDURES AND CONTROLS

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

A. The Company is continuing to maintain oversight of its controls and procedures to ensure that Project costs are being properly recorded as indicated by the GPC Nuclear Development Financial Management Monthly Procedure Check List, Internal Auditing Assessments, and the quarterly Project Cost Review. Also, the Company regularly updates and/or adds new accounting desktop procedures[3] as it deems necessary to ensure procedures are followed correctly.

[3] **Accounting guidelines related to employee's job tasks, STF-243-20.**

V. FINDINGS BASED UPON REVIEW

Q. PLEASE DISCUSS YOUR FINDINGS BASED UPON YOUR REVIEW OF THE COMPANY'S REPORTING AND RECORDING OF THE PROJECT CONSTRUCTION COSTS FOR THE REPORTING PERIOD.

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

VI. RECOMMENDATIONS

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

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

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

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.