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| **COMMISSIONERS:****JASON SHAW, Chairman** **TIM G. ECHOLS, Vice-Chairman** **FITZ JOHNSON** **LAUREN “BUBBA” McDONALD TRICIA PRIDEMORE**  |   | **REECE McALISTER****EXECUTIVE DIRECTOR** **SALLIE TANNEREXECUTIVE SECRETARY** |
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August 29, 2023

Ms. Sallie Tanner

Executive Secretary

Georgia Public Service Commission

244 Washington Street, S.W.

Atlanta, GA 30334-5701

RE: Proposed Stipulated Agreement in Georgia Power Company’s Application to Adjust Rates to Include Reasonable and Prudent Plant Vogtle Units 3 and 4 Costs; Docket No. 29849

Attached please find a stipulated agreement in the above-named matter between the Public Service Commission Public Interest Advocacy Staff, Georgia Power, Georgia Watch, Georgia Interfaith Power and Light (GPPL), Partnership for Southern Equity (PSE), and the Georgia Association of Manufacturers (GAM). This Stipulation represents major concessions by Georgia Power and will result in significant savings for ratepayers. Staff recommends that it be adopted after notice and hearing.

Under this Stipulation, the capital cost to be placed in rate base would be limited to $7.562 billion, which is a significant reduction from the $10.188 billion[[1]](#footnote-1) that the Company is forecast to spend by commercial operation. This $7.562 billion is an affirmative limit on the amount of capital cost placed in rate base incurred prior to commercial operation. Any additional capital cost incurred prior to commercial operation will be the responsibility of the Company and not the ratepayers.

From Staff’s perspective, the $7.562 billion can be viewed as the $7.293 billion approved as reasonable in VCM 17 plus $200 million for unanticipated COVID related costs, $36 million for ad valorum taxes, and $33 million for construction monitoring costs. The monitoring costs were deemed prudent by the Commission in Docket 27800.

The rigorous oversight of the construction of Vogtle Units 3 and 4 by Staff and the Commission has already resulted in billions of dollars in savings to ratepayers. This stipulated agreement, if adopted by the Commission, would result in billions of additional savings. Combined, these actions will result in savings of $5.049 billion in net present value (NPV) revenue requirement and $12.978 billion in nominal revenue requirement.[[2]](#footnote-2)

In addition to providing an affirmative limit on construction and capital costs, the stipulated agreement provides that if Vogtle Unit 4 has not reached Commercial Operation by March 31, 2024, the Company’s Return on Equity used to determine the NCCR and calculate AFUDC will be reduced to zero until Unit 4 reaches Commercial Operation.

The stipulated agreement also provides protections to ratepayers on the performance of Vogtle Units 3 and 4 after Commercial Operation. As of the first refueling outage for each Unit, if the Unit’s performance has materially deviated from expected performance, Georgia Power shall have the burden to prove that any outage or derating that resulted in lower than anticipated electricity production by either Unit was not the result of unreasonable or imprudent engineering, construction, procurement, testing, or startup activities. If the Company does not meet this burden, the Commission shall be authorized to order the Company to credit an amount of the O&M costs determined to be appropriate by the Commission back to the benefit of customers and shall have the authority to disallow the cost of the repair or replacement of the associated system, structure, or component which caused the material deviation.

In addition, the stipulated agreement expands the current Income Qualified Senior Discount.

Please see the attached stipulation.

Sincerely,

Preston Thomas

Attorney

Enclosures

1. $10.188 billion is the total forecasted plant expenditures of $11.646 billion, plus construction monitoring fees of $33 million, less the Toshiba refund of $1.492 billion. [↑](#footnote-ref-1)
2. The reductions to the return on equity that the Commission previously ordered in the Supplemental Information Review (SIR) and in VCM 17 combined with the $700 million in capital costs that the Company agreed to absorb in VCM 19, are saving ratepayers $2.719 billion in NPV revenue requirement and $6.222 billion in nominal revenue requirement. This stipulated agreement would save an additional $2.330 billion in NPV and $6.756 billion in nominal dollars. [↑](#footnote-ref-2)