Southern Nuclear

Chris M. Segroves
Comptroller

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August 16, 2023

Mr. Adam D. Houston
Vice President and Comptroller
Georgia Power Company
241 Ralph McGill Boulevard
Atlanta, GA 30308

Dear Adam:

To facilitate the recording of the monthly billing from Southern Nuclear (SNC), and in accordance with directions provided by Georgia Power Company (GPC), SNC's billing system is designed to allow for limited reclassification of GPC's costs.

This document has been updated to reflect the allocation treatment of SNC common costs due to the addition of Vogtle Unit 3 to the operating fleet. SNC common costs will be allocated on the unit basis until the commercial operation of Vogtle Unit 4, at which time the allocation of the costs will revert to the plant basis.

Please review the updated instructions and, if you are in concurrence with them, please sign this letter in the space provided below and return it to me for SNC's records.

These reclassification instructions are to remain in effect until a need to revise them arises. I appreciate your assistance in this matter and will be glad to provide additional information at your request.

Sincerely,

Chris M. Segroves

Chris M. Segroves

Approved _____

Date 8/22/23

cc: Mr. M. Berrigan
Mr. G. M. Humphrey
Mr. M. D. Protsman
Ms. L. A. Gilbert
Ms. M. C. Eckroate
Ms. L. B. Carden
Ms. B. S. Sloan

Revised: August 16, 2023
Effective: August 1, 2023

1. **Direct Charges** - Charges incurred by SNC solely for the benefit of Plants Hatch, Vogtle 1&2, and/or Vogtle 3&4 will be direct charged to the appropriate GPC business unit (BU) project for the specific plant and/or unit and will reflect an SNC department code.

2. **Indirect Charges** - Indirect charges benefiting all operating plants will be recorded at the SNC BU and allocated based on the number of operating units. The allocated charges will be recorded to a specific project with the common target cost center (TCC) for Plants Hatch and Vogtle 1&2. The allocated charges will be recorded to a specific project with the unit specific TCC for Vogtle 3. All allocated charges will reflect an expenditure type of SNSP and a department of SNC0001.

   Additionally, charges allocated from SCS to SNC on the NTID basis (including Vogtle 4) will be recorded at the SNC BU. The portion of the SCS allocated costs related to the Vogtle 4 IDs will be subsequently recorded from SNC to GPC within a specific Vogtle 3&4 project. The remaining costs will be allocated based on the number of operating units.

3. **GPC FERC-Sub Classification** – Costs charged directly to an SNC BU project will be allocated to GPC to a specific project and task based on the service type noted on the SNC task charged. SNC service types are based upon the default FERC account for the SNC task and are further detailed in Attachment 2.

4. **GPC Sourced Charges** – Nuclear charges originating at the GPC BU will reflect GPC department GPC9004 – Executive. Charges that will reflect this department include those where GPC makes the cash outlay for the expense directly and the charges are not considered to be "billed" from SNC.

5. **Adjustments to Cash** - In the normal course of business, SNC will record expenses for which immediate cash disbursements are not required. These expenses will be accrued on SNC's books and billed to GPC; however, GPC will not reimburse SNC for these items until actual cash disbursements are required by SNC. Examples of these types of expenses include (but are not limited to) pensions, post-retirement benefits, vacation pay accrual, NRC fees, and incentive pay. For large prepaid items, SNC will collect cash from GPC at the time of payment and will reduce the total cash required monthly by the amount of the prepaid items as they are amortized to expense and billed to GPC.

6. **Subledger Accounting Rules** - Subledger accounting (SLA) rules have been established within Oracle Cloud to ensure that costs within Oracle Projects are recorded to the proper FERC account dependent upon multiple factors including the project BU, expenditure BU, default task account, and expenditure type of the related charges.

7. **Joint Owners Special Handling Charges** – SNC costs which require special handling by GPC will be direct charged to specific projects and tasks, as applicable, or allocated to a unique sub account number as follows:

Item	Account/Project/Task
INPO	524-00000
Hatch	GPC Project 10456802, Task 10.04
Vogtle 1&2	GPC Project 10457335, Task 10.04
Vogtle 3	GPC Project 10456797, Task 10.04
Nuclear Energy Institute*	524-00000
Hatch Unit 1	GPC Project 10456801, Task 10.03
Hatch Unit 2	GPC Project 10456800, Task 10.03
Vogtle 1&2	GPC Project 10457335, Task 10.03
Vogtle 3	GPC Project 10456797, Task 10.03
Other Miscellaneous – Nuclear O&M (non-billable)	524-00020
Allocated SNC Charges – Hatch	GPC Project 10452398, Task 25
Allocated SNC Charges – Vogtle 1&2	GPC Project 10450993, Task 25
Allocated SNC Charges – Unit 3	GPC Project 10506305, Task 25

* When the face of the invoice states that a designated portion of the stated fees are for lobbying expenses, that portion will be charged to SNC project 10456918, Task 10.03, Account 42640000 and then allocated appropriately between APC and GPC.

Recording SNC Indirect Charges at GPC

Charges originating at the SNC BU benefitting all operating units will be recorded to the following specific GPC BU projects when allocated except for SNC charges included within GPC engineering and supervision (E&S) allocation as detailed in Note d.

Allocated Indirect Charges:

- Plant Hatch Units 1&2 – 10452398
- Plant Vogtle Units 1&2 – 10450993
- Plant Vogtle Unit 3 - 10506305

The following task structure has been established for the projects noted above to record indirect allocated charges from SNC:

GPC Task Number	GPC Task Name
10	Operation Supervision and Engineering
11	Nuclear Fuel Expense
12	Coolants and Water
13	Steam Expenses
14	Miscellaneous Nuclear Power Expenses
15	Rents
16	Maintenance Supervision and Engineering
17	Maintenance of Miscellaneous Nuclear Plant
18	Misc. Other Power Generation
19	Donations
20	Life Insurance
21	Penalties
22	Expenditures for Certain Civic, Political and Related Activities
23	Other Deductions
24	SNC Vacation Liability
25	Non-Billable Allocated Charges
26.01	SNC Allocated A&G
26.02	A&G OPRB
27	Maintenance of Structures
28	Maintenance of Reactor Plant Equipment
29	Maintenance of Electric Plant

SNC Task Default Account	Description	SNC Service Type	GPC Task(s)	GPC Task Default Account(s)	Notes
403-404	Depreciation and Amortization of Limited-Term Property	SNC_O&M/A&G_Split	10 16 26.01	51700000 52800000 52400005	a
408	Taxes Other than Income Taxes	SNC_A&G	26.01	52400005	b
409	Current Income Taxes	SNC_A&G	26.01	52400005	
410	Provision for Deferred Income Taxes – DR	SNC_A&G	26.01	52400005	c
411	Provision for Deferred Income Taxes – CR	SNC_A&G	26.01	52400005	c
412	Costs and Expenses of Construction or Other Services	SNC_Billed_E&S/ SNC_Billed_V34NTID	10.01	10700000	d,i
418	Equity in Earnings of Subsidiary Company Change in Control Trust	SNC_418	25	52400020	
419	Interest and Dividend Income	SNC_O&M/A&G_Split	10 16 26.01	51700000 52800000 52400005	a
421	Miscellaneous Nonoperating Income	SNC_O&M/A&G_Split	10 16 26.01	51700000 52800000 52400005	a
426.1	Donations	SNC_BTL426.1	19	42610000	
426.2	Life Insurance	SNC_BTL426.2	20	42620000	
426.3	Penalties	SNC_BTL426.3	21	42630010	
426.4	Expenditures for Certain Civic, Political, and Related Activities	SNC_BTL426.4	22	42640000	
426.5	Other Deductions	SNC_BTL426.5	23	42650000	
431	Other Interest Expense	SNC_O&M/A&G_Split	10 16 26.01	51700000 52800000 52400005	a
517	Operation Supervision and Engineering	SNC_O&M517	10	51700000	
518	Nuclear Fuel Expense	SNC_O&M518	11	51800020	
519	Coolants and Water	SNC_O&M518	12	51900000	
520	Steam Expenses	SNC_O&M520	13	52000000	
524	Miscellaneous Nuclear Power Expenses	SNC_O&M524	14	52400000	
525	Rents	SNC_O&M525	15	52500000	
528	Maintenance Supervision and Engineering	SNC_O&M528	16	52800000	
529	Maintenance of Structures	SNC_O&M529	27	52900000	
530	Maintenance of Reactor Plant Equipment	SNC_O&M530	28	53000000	

SNC Task Default Account	Description	SNC Service Type	GPC Task(s)	GPC Task Default Account(s)	Notes
531	Maintenance of Electric Plant	SNC_O&M531	29	53100000	
532	Maintenance of Miscellaneous Nuclear Plant	SNC_O&M532	17	53200000	
549	Miscellaneous Other Power Generation Expenses	SNC_O&M549	18	54900000	
920	A&G Salaries	SNC_A&G	26.01	52400005	b, e
921	Office Supplies and Expenses	SNC_A&G	26.01	52400005	
923	Outside Services Employed	SNC_A&G	26.01	52400005	b, f
924	Property Insurance	SNC_A&G	26.01	52400005	b
925	Injuries and Damages	SNC_A&G	26.01	52400005	g
926	Employee Pensions and Benefits	SNC_A&G	26.01	52400005	b, h
928	Regulatory Commission Expenses	SNC_A&G	26.01	52400005	
930.1	General Advertising Expenses	SNC_A&G	26.01	52400005	
930.2	Miscellaneous General Expenses	SNC_A&G	26.01	52400005	
931	Rents	SNC_A&G	26.01	52400005	
935	Maintenance of General Plant	SNC_A&G	26.01	52400005	

Notes

a Charges to SNC tasks with service type SNC_O&M/A&G_Split will be allocated to the GPC tasks as listed based on SNC's budgeted labor.

b Charges to SNC tasks with a service type SNC_O&M_Software_Imp related to software implementation, including SCS charges and SNC Enterprise Foundations Implementation Manager labor and expenses, will be recorded to GPC task 26.01 and account 52400005.

c Charges to SNC tasks with default accounts of 410 and 411 will be allocated to GPC task 26.01 and account 52400005 when there is an income impact from adjustments to deferred income tax assets and/or liabilities.

d Charges to SNC tasks with service type SNC_Billed_E&S will be allocated to GPC project 10503558 for Plant Hatch, 10503568 for Plant Vogtle 1&2, and 10503566 for Vogtle Unit 3 and task 10.01 for proper inclusion in GPC's engineering and supervision allocation.

e Changes in SNC's vacation liability will be recorded to GPC task 24 and account 18230300.

f All charges that should not be allocated to the joint owners of Plants Hatch and Vogtle will be charged to a task with an SNC service type of SNC_418 so that the charges are appropriately allocated to GPC task 25 and account 52400020.

g GPC will be notified when significant Injuries and Damages charges have been incurred so that a reserve can be recorded on GPC's books.

h Charges for SNC Post-Retirement Life Insurance and Post-Retirement Medical Insurance (ETs BPBB and BONB) will be recorded to GPC task 26.02 and account 52400010.

i Charges to SNC tasks with a service type SNC_Billed_V34NTID will be allocated to GPC project 10271620 and task 10.01 for proper inclusion in Vogtle 3&4 capital.

Recording SNC Direct Charges at GPC

Labor and expenses that are solely for the benefit of Plants Hatch, Vogtle 1&2, or Vogtle 3&4 will be direct charged to GPC BU projects and applicable tasks. The tasks will have a default account of an appropriate nuclear O&M account or capital account.

SNC A&G labor and expenses charged to directly to a GPC BU project with a default task account of 92000000 will be processed through subledger accounting rules and the account charged will be changed to account 52400005.

SNC benefit charges that are burdened across SNC direct charged labor to GPC BU projects with A&G or O&M default task accounts will reflect an account of 52400005 if the related benefit expenditure type is BPEB (burdened pension and supplemental pension service cost), BPNB (burdened pension and supplemental pension non-service cost), BINB (burdened group insurance), CPTB (burdened payroll tax), BSPB (burdened stock compensation). If the related benefit expenditure type is BPBB (burdened OPRBs service costs) or BONB (burdened OPRB non-service cost) the account charged will be 52400010.

SNC benefit charges that are burdened across SNC direct charged labor to GPC BU projects with capital or below-the-line default task accounts will reflect the same account as the task account. Benefit charges with an expenditure type of BONB will be updated to reflect O&M account 52400010 and BPNB will be updated to reflected O&M account 52400005 because these costs cannot be capitalized.

The SNC billing system consists of Oracle Projects intercompany allocations that create billed transactions within GPC's designated project for SNC allocated costs. During the allocation process for indirect costs, revenue and accounts receivable are recorded within Oracle Projects and the Oracle Cloud general ledger for SNC and affiliate accounts payable are recorded within the general ledger for GPC.

In the event of an Oracle Projects intercompany billing allocation failure, Oracle Projects miscellaneous expenditure batch spreadsheet journals can be prepared by SNC to upload into Oracle Projects for posting to the proper GPC BU project. Data for preparing the journals can be gathered through OTBI or OACs queries.

In the event that an SNC Billing Contingency Plan must be activated, the SNC Corporate Accounting Supervisor will contact the GPC Financial Accounting & Reporting Manager to determine the best course of action.