Troutman Pepper Hamilton Sanders LLP
600 Peachtree Street NE, Suite 3000
Atlanta, GA 30308-2216

troutman.com

Steven J. Hewitson
steven.hewitson@troutman.com

December 11, 2023

Ms. Sallie Tanner
Executive Secretary
Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334

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

Dear Ms. Tanner:

Enclosed for filing in the above-referenced proceeding is Georgia Power Company's Post-Hearing Brief and its Proposed Order.

Please call me at (404) 885-3475 if you have any questions regarding this filing.

Sincerely,

Steven J. Hewitson

Enclosure

c: Parties of Record w/ Encl.

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re: Georgia Power Company's Application to Adjust Rates to Include Reasonable and Prudent Plant Vogtle Units 3 and 4 Costs	)))	Docket No. 29849

POST-HEARING BRIEF OF GEORGIA POWER COMPANY

Steven J. Hewitson
Allison W. Pryor
Michael G. Foo

Attorneys for
Georgia Power Company

TROUTMAN PEPPER
HAMILTON SANDERS LLP
600 Peachtree Street, NE
Suite 3000
Atlanta, Georgia 30308-2216
(404) 885-3000

Dated: December 11, 2023

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re: Georgia Power Company's Application to Adjust Rates to Include Reasonable and Prudent Plant Vogtle Units 3 and 4 Costs	))))	Docket No. 29849

POST-HEARING BRIEF OF GEORGIA POWER COMPANY

I. INTRODUCTION

This matter is pending before the Georgia Public Service Commission (the "Commission") regarding Georgia Power Company's ("Georgia Power" or the "Company") Application to Adjust Rates to Include Reasonable and Prudent Plant Vogtle Units 3 and 4 Costs (the "Application"). The Company's Application was filed pursuant to the Commission's January 11, 2018, Order on the Seventeenth Semi-Annual Vogtle Construction Monitoring ("VCM") Report in Docket No. 29849 ("VCM 17 Order"), which states that "once the fuel load of Unit 4 is reached, the Company may make a filing with the Commission to determine the adjustment to retail base rates necessary to include the remaining amounts of Units 3 and 4 into retail base rates. During this review, the Commission will determine the remaining issues pertaining to the prudence of Units 3 and 4 costs." VCM 17 Order at 19.

The Company's Application is consistent with the Commission's intent and directives as stated in the VCM 17 Order; the Commission's January 3, 2017, Supplemental Information Review ("SIR") Order Adopting Stipulation in Docket No. 29849 (the "SIR Final Order"); the Commission's November 15, 2021, Order Adopting Stipulation in Docket No. 43838 regarding Georgia Power's Application to Adjust Rates to Include Certain Plant Vogtle Unit 3 and Common

Costs (the "Unit 3 Rate Adjustment Order"); and the Commission's September 6, 2023, Procedural and Scheduling Order ("PSO") in this docket.

The Commission's PSO identified several issues to be determined in this case:

(a) What are the appropriate construction-related costs, including financing costs, owners' costs, ad valorem tax costs, income tax costs, and other amounts that should be added to rate base and reflected in operating expenses?

(b) What are the appropriate operating expenses that should be included in the revenue requirement, including administrative and general expenses, direct and allocated operation and maintenance expenses, depreciation expense, decommissioning expense, ad valorem tax expenses, income tax expenses, and other expenses, and should there be disallowances, adjustments, and/or other limitations on the amounts included in the revenue requirements?

(c) Are the Vogtle Units 3 and 4 construction costs that the Company requests to add to rate base prudent?

(d) Are the Vogtle Units 3 and 4 construction costs that the Company requests to add to rate base reasonable?

(e) Should any of the Vogtle Units 3 and 4 construction costs and associated financing cost which the Company requests to add to rate base be disallowed on the basis of fraud, concealment, failure to disclose a material fact, or criminal misconduct?

(f) Should any of the Vogtle Units 3 and 4 financing costs be disallowed? To the extent any such financing costs have already been recovered from customers, in what manner should the Company credit such costs back to the benefit of customers?

(g) Should any of the Vogtle Units 3 and 4 replacement fuel costs be disallowed? To the extent any such replacement fuel costs have already been recovered from customers, in what manner should the Company credit such costs back to the benefit of customers?

(h) What is the appropriate retail base rate adjustment to recover the Vogtle Units 3 and 4 construction costs to be added to rate base? As part of this determination, what is the revenue requirement to be recovered from ratepayers and what is the appropriate rate design for the recovery?

(i) Since Commercial Operation of Unit 3, has Unit 3 materially deviated from its expected performance? If so, has the Company met its burden to prove that any outage or derating that resulted in lower than anticipated electricity production by Unit 3 was not the result of unreasonable or imprudent construction, testing or

startup activities? If the Company has not met this burden, what amount of costs should be credited back to the benefit of customers and in what manner?

See PSO at 12.

On August 30, 2023, the Public Interest Advocacy Staff ("PIA Staff") filed a Proposed Stipulated Agreement (the "Stipulation") between the Company; PIA Staff; Georgia Watch, Georgia Interfaith Power & Light ("GIPL"); the Georgia Association of Manufacturers ("GAM"); and the Partnership for Southern Equity ("PSE") (collectively, the "Stipulating Parties"). Per the Stipulation, the Stipulating Parties agree that, among other things, $7.562 billion in capital and construction costs is both reasonable and prudent and should be included in rate base, and that Georgia Power should be allowed to adjust retail base rates to include these costs as well as the related financing costs and operating expenses. The Stipulating Parties further agree that the Stipulation resolves all remaining issues for determination by the Commission.

II. SUMMARY OF THE ARGUMENT

The Commission should approve the Stipulation as adopted by the Stipulating Parties as a reasonable resolution for all issues in this proceeding. The record in this proceeding, both in pre-filed testimony and in testimony elicited at the hearing in this case, shows that the Stipulation represents a reasonable resolution of complex issues that have been litigated extensively throughout the course of the 14-year VCM process related to the construction of Plant Vogtle Units 3 and 4 (the "Project"). The Stipulation strikes a reasonable balance between the costs needed to construct Vogtle Units 3 and 4—units that will provide Georgians with clean, safe, reliable, and affordable energy for the next 60 to 80 years—with the cost impact to customers.

III. PROCEDURAL HISTORY AND BACKGROUND

On August 30, 2023, the Company filed its Application with the Commission, along with the Minimum Filing Requirements ("MFRs") and supporting testimony. Together, these documents presented the remaining costs related to the Project for Commission review and provided the basis upon which the Commission should find such costs to be both reasonable and prudent. According to the Application, and consistent with the VCM 17 Order, costs deemed reasonable and prudent will go into rate base the month after Unit 4 achieves Commercial Operation.

Also on August 30, 2023, PIA Staff filed the Stipulation between the Company, PIA Staff, Georgia Watch, GIPL, GAM, and PSE, which resolves all issues in this case.

On September 6, 2023, the Commission issued its PSO, laying out, among other things, the hearing schedule, filing deadlines, intervention and hearing procedures, and the relevant issues to be addressed in the proceeding.

On September 8, 2023, the Company filed the direct testimony and exhibits of three expert witness panels: the panel of Aaron P. Abramovitz, Jeremiah Haswell, and John Williams (the "GPC Panel"); the panel of Joseph A. Miller and Michael Skaggs (the "Miller/Skaggs Panel"); and the panel of Timothy Chitester, Mark Gentry, and Kimberly Reome (the "HKA Panel").

On October 27, 2023, PIA Staff filed the direct testimony and exhibits of the panel of Steven D. Roetger and William R. Jacobs, Jr.; Donald N. Grace; and Lane Kollen (collectively, the "PIA Staff Panel"); and the panel of Reza Nikain, Mark W. Cohen, and Rob Strahle (the "J.S. Held Panel").

Multiple parties filed motions to intervene in this docket, including Concerned Ratepayers of Georgia ("CRG"); GAM; GIPL and PSE; Georgia Watch; Resource Supply Management

("RSM"); and the Southern Alliance for Clean Energy ("SACE"). Of these intervening parties, only CRG filed testimony, filing the testimony of Patty Durand on October 26, 2023.

On November 16, 2023, the Company filed the rebuttal testimony of the panel of Aaron P. Abramovitz, Jeremiah C. Haswell, and John Williams in response to positions advocated by PIA Staff and CRG. The hearing in this proceeding was held at the Commission on December 4–5, 2023.

IV. ARGUMENT

A. The Stipulation should be adopted as drafted in its entirety.

The Stipulation currently before the Commission represents an enormously positive outcome for Georgia Power customers and the state. Through the Stipulation, the Stipulating Parties agreed that $7.562 billion is a reasonable and prudent total construction and capital cost for the Project to be included in rate base. Stipulation at 1, Paragraph 1; *see also* GPC Panel Direct Testimony at 5:10–12. This amount represents a reduction of $2.626 billion from the Company's projected total construction and capital cost for the Project. GPC Panel Direct Testimony at 9:18–19. The Stipulation takes into consideration the length of time to construct the Project, the replacement energy costs incurred during the extended construction time, and numerous other issues. *Id.* at 5:12–16.

The Stipulation also protects customers if the units do not operate as anticipated. *See* Stipulation at 3, Paragraph 11. If either unit materially deviates from its expected performance as of their respective first refueling outage, the Stipulating Parties agree that the Commission has the right to review the O&M expenses embedded in retail rates for Units 3 and 4, including any associated system, structure, and component which may have caused the material deviation. *Id.* Further, Georgia Power has the burden to prove that any outage or derating that resulted in lower than anticipated electricity production was not the result of unreasonable or imprudent engineering,

construction, procurement, testing, or startup activities. *Id.* If the Company fails to meet this burden, the Stipulation authorizes the Commission to order Georgia Power to return to customers an appropriate portion of those O&M costs to be determined by the Commission. *Id.*

The Stipulating Parties agree that Commercial Operation for Unit 4 will not be declared for rate recovery purposes unless and until Unit 4 completes all appropriate preoperational tests and power ascension testing, and any necessary remediation required for safe and reliable operation. Stipulation at 4, Paragraph 14. Once Unit 4 has completed testing and is fully dispatchable at the stated net electrical output of 1,102 MWe, no further action or proceeding will be required for the Company to adjust rates pursuant to the final order in this proceeding. *Id.* The definition of Commercial Operation will be the same as that used for Unit 3. *Id.*

1. The historic Stipulation is supported by a broad base of parties.

The Stipulation was signed and negotiated by a diverse group of stakeholders representing an enormous cross-section of the Company's 2.7 million customers. *See* GPC Panel Rebuttal Testimony at 3:19-4:9; *see also* Stipulation at 5. Manufacturing industrial customers are represented by GAM, thousands of individuals—including retail residential customers and small business customers—are represented by Georgia Watch and PSE, congregations and communities of faith are represented by GIPL, and the using and consuming public as a whole is represented by PIA Staff. *See* GPC Panel Rebuttal Testimony at 4:2-5; *see also* Tr. Vol. 1 at 529:8–11 (noting that PIA Staff represents all ratepayers). Moreover, not only are these intervening parties representatives for millions of customers, but they have been active participants and stakeholders throughout the VCM process. *See, e.g.,* Order on the First Semi-Annual Construction Monitoring Report (noting PIA Staff's participation in the first VCM proceeding); Application for Leave to Intervene of the Georgia Traditional Manufacturers Association (Docket No. 29849, Nov. 12, 2009) (GAM's intervention in VCM 1); Order on the Sixth Semi-Annual Construction Monitoring

Report (noting Georgia Watch's intervention and filing of a brief); Order on the Seventeenth Semi-Annual Vogtle Construction Monitoring Report at 5, 8 (noting GIPL and PSE's participation throughout multiple aspects of VCM 17). Finally, the Stipulating Parties engaged in bona fide, good faith, give-and-take negotiations to reach a Stipulation that was agreeable to all. GPC Panel Rebuttal Testimony at 4:6-9. No party received everything that they initially sought, but all agree that it is in the best interest of customers for the Commission to approve the Stipulation as written. *See id.*

Any allegation that the Stipulation is a "backroom deal" is unsupported by the evidence and simply incorrect. CRG argues that most intervenors were "hand-selected by Georgia Power" but provides no evidence for such claim. Testimony of Patty Durand at 13:1. CRG also questioned the Company panel about why it was not explicitly invited to engage in settlement negotiations. Tr. Vol. 1 at 129:22–23; 131:4–5; *see also* Tr. Vol. 2 at 704:7–8. As witness Abramovitz testified, no party was prevented from engaging in settlement discussions. Tr. Vol. 1 at 130:16–25 (explaining that "anybody that wanted to be involved in these stipulated agreements could have been involved . . . . Other people could have called. Other concerned ratepayers could have called.") *see also* Tr. Vol. 2 at 704:16–19. Accordingly, the record reflects that no intervenor was specifically excluded from settlement negotiation discussions and that the Company was willing to meet with other interested parties regarding settlement in this proceeding.

CRG also attacks the Stipulation as a "gross distortion of what should be taking place at the [C]omission" simply because the Stipulation was reached prior to the commencement of hearings and prior to the filing of any testimony. Testimony of Patty Durand at 13:3–4. But there is no rule for when settlement negotiations can or should take place. It is healthy litigation practice to discuss settlement early in proceedings and, if resolution can be achieved, avoiding costly and

time-consuming litigation can be a benefit to all participants. Moreover, this docket has been pending for over 14 years. As discussed further below, it would be wrong to argue that the Stipulation in any way unfairly prejudiced any party from having their voice heard.

SACE elicited testimony indicating that the presence of a Stipulation does not relieve the Commission of the duty to review the reasonableness and prudence of the cost of the Project. *See* Tr. Vol. 1 at 174:21–25. The Company certainly does not dispute this fact. *Id.* at 174:25.

However, as already noted, the Stipulation—as drafted and agreed to by the Stipulating Parties—represents a broad-based, constructive agreement that has considered all the issues, risks, and positions taken by parties throughout the VCM process. *See id.* at 107:25–108:1–6; 531:14–15. It strikes an appropriate balance among complex, technical issues and provides for the recovery of reasonable and prudent costs for the Project. GPC Panel Testimony at 6:1–3. The Stipulation represents a reasonable, midpoint, and consensus compromise, and only one intervening party has presented unsupported testimony alleging otherwise. *See* Tr. Vol. 1 at 508:15–23; *see also generally* Testimony of Patty Durand. While the Commission has the ultimate authority to approve or reject the Stipulation, as drafted, the Stipulation is a well-reasoned and balanced resolution of the Company's prudence application. Accordingly, the Stipulation should be adopted.

2. Any allegation that the Stipulation truncates the prudence process is incorrect.

Certain witnesses allege that the prudence proceeding timeframe is being collapsed from 180 to 90 days, alleging that this signals the Commission's intent to sign the Stipulation "without the full prudency review they committed to." Testimony of Patty Durand at 5:19–22, *see also* Tr. Vol. 1 at 33:11–13; Tr. Vol. 2 at 626:10–11.

As a preliminary matter, the resolution of contested Commission proceedings by stipulation is a well-established practice. *See, e.g.,* Order Adopting Settlement Agreement as

Modified (Docket No. 44280, Dec. 30, 2022) (settling Georgia Power's 2022 Rate Case by stipulation); Order Adopting Stipulation (Docket Nos. 44160 & 44161, Jul. 29, 2022) (settling Georgia Power's 2022 Integrated Resource Plan ("IRP") by stipulation); Order Adopting Stipulation (Docket No. 36498, April 17, 2013) (adopting stipulation in Georgia Power's 2013 IRP). Even if it were not, the Commission in this case directly contemplated the possibility of settlement, providing a specific carveout in the PSO for PIA Staff's ability to "negotiate settlements with other parties, in the public interest." PSO at 7.

Furthermore, these allegations wholly ignore and discount the lengthy and thorough VCM process that this Commission designed and approved in its March 26, 2009, Certification Order to oversee the Project as it progressed. *See* Certification Order at 12 (Docket No. 27800, March 26, 2009); *see also id.*, Attachment 1 at 1–3. The entire VCM process was designed to verify, review, and approve the Project's costs, as well as any revisions to the cost estimates, construction schedule, and project configuration throughout the life of the Project. *See* GPC Panel Rebuttal Testimony at 4:12–14. This prudence proceeding is the culmination of that thorough, open, and transparent vetting process. The Commission has overseen the entire process, and under their careful oversight, all parties of interest, including CRG and all the parties in this specific proceeding, have had their positions on numerous topics heard and considered. *Id.* at 4:17–19. The length of time set by the PSO for testimony and hearings in this specific prudence proceeding is not indicative of the years of analysis, oversight, and consideration that has gone into the issues. *Id.* at 4:21–24. Rather, this Commission should consider the vast record of evidence that has been established over the course of twenty-eight separate VCMs, thousands of pages of testimony, more than 6,900 data requests, and countless hours of review by PIA Staff, intervenors, and Commissioners. *See* GPC Panel Rebuttal Testimony at 4:14–17; Tr. Vol. 1 at 495:1–8 ("Together

[Dr. Jacobs and Mr. Roetger] have studied the project by reading and evaluating countless documents, developing analyses and reviews, issuing over 250 data request sets, each containing many individual questions, walking the site down on countless days, observing work throughout each unit, and holding countless meetings with the [C]ompany personnel, Southern Nuclear personnel, and contractor personnel.")

PIA Staff has repeatedly testified in prior proceedings and this proceeding that they have been working on the prudency review for years, and not solely during this proceeding. *See* GPC Panel Rebuttal Testimony at 4:19–21; *see also* Tr. Vol. 1 at 494:25 (noting that Dr. Jacobs and Mr. Roetger in particular have been focused on the Project for more than 15 years). PIA Staff also testified that they performed a "very thorough and absolute analysis" over the course of "very hard, very long hours" leading up to the prudence hearing. Tr. Vol. 1 at 537:16–18; *see also id.* at 495:1–8.

While CRG and some public witnesses complain about the truncated length of the hearing, only one intervenor (CRG) filed testimony. *See* Testimony of Patty Durand at 5:19–22. Any party could have filed a pre-hearing motion addressing the length of the hearing, but no party did so. Further, CRG's complaints regarding hearing length are countered by CRG's other complaints of having to review "thousands of pages" of evidence and hundreds of pages of testimony and reports, as well as numerous other acknowledgements of the extensive record in this proceeding. *See* Tr. Vol. 1 at 139:22–24 ("There's a thousand pages of testimony for everybody. So there's a lot to absorb."); 521:9–10 ("There is so many. There was a thousand pages of documents to review."); 591:4–6 ("I am just saying that I didn't memorize all 300 pages. That's all. It's a lot to do."). These thousands of pages are a testament to the vast oversight, analysis, and evidence that has built up over the course of the entire VCM docket. Further, the length of the prudence proceeding is entirely

appropriate given the presence of a broad-based Stipulation that resolves all issues among the Stipulating Parties. Accordingly, any allegations that the prudence proceeding has been inappropriately truncated or that a full prudence review has not been undertaken are incorrect and should be disregarded.

B. The Commission should not accept the recommendations of CRG.

1. CRG misstates and misapplies the relevant legal standard.

During the hearing, CRG introduced CRG Exhibit 4 and alleged that the prudency standard that should be applied to Units 3 and 4 was established by the Georgia Court of Appeals in 1990. Tr. Vol. 1 at 339:16–20; Tr. Vol. 2 at 700:9–13. The Company objected to the introduction of this evidence and the Chair sustained the objection. Tr. Vol. 1 at 338:21–25. Notwithstanding the objection, CRG fails to cite the applicable legal standard.

Georgia Power noted the correct two-prong legal standard in its testimony, which allows the Company to "recover costs incurred in the construction of the Project in base rates if they are found to be both *prudent* and *reasonable.*" GPC Direct Testimony at 13:23–24 (emphasis in original). In its Application, Georgia Power also explained that "[p]rudence goes to the decision-making process; reasonableness goes to the cost of that prudent decision." Application at 30. PIA Staff and its experts also acknowledge the dual prongs of the prudency standard. *See* Roetger-Jacobs Testimony at 14:10–13 ("For costs above the approved amount, the Company must affirmatively show that the request meets two separate standards, reasonable and prudent. To be recoverable, *both standards must be met.*" (emphasis supplied)); Report of Lane Kollen at 12 ("The prudence and reasonableness standards are the *two separate ratemaking standards* applied by the Commission to determine whether costs are allowed recovery from customers through the ratemaking process." (emphasis supplied)). Under these two prongs, prudence goes to the decision-making process while reasonableness goes to the cost of that decision. *See* Application at 30.

Not only does CRG misstate the relevant legal standard as a single-prong test, but CRG also incorrectly applies it. CRG questioned the Miller/Skaggs Panel regarding management decisions and the level of appropriate oversight. *See* Tr. Vol. 1 at 11–15 ("My point would be how can this be correct given the fact that the project total cost for all partners is about 17 billion over budget and over seven years behind schedule, how can that be appropriate oversight in managing a project?"). This question reveals that CRG is undertaking a hindsight analysis—i.e., looking back at the entire history of the Project and assessing reasonableness and prudency in retrospect. CRG's hindsight analysis is not the appropriate analytical framework under this Commission's precedent.

The prudency standard reviews decisions *as they are being made*, not at the completion of the project. *See* GPC Direct Testimony at 14:5–8 ("Essentially, this standard asks the Commission to put itself in the shoes of the Vogtle Project managers at the time critical decisions were being made, and ask itself 'what would a reasonable manager have done, and was what the Vogtle Project managers did within an acceptable zone of reasonableness?'"). Put simply, prudence analysis cannot involve hindsight. *See* Review of Georgia Power Co.'s Rocky Mountain Pumped Storage Facility (Docket No. 6739, Jan. 14, 1998) ("A decision must not be judged as correct or incorrect in the light of perfect hindsight. Rather, a decision must be judged as to whether it was reasonable given the facts and circumstances which were known or which reasonably should have been known at the time the decision was made."). Multiple witnesses acknowledge this as the appropriate approach to take. *See* Tr. Vol. 1 at 538:11–12 (PIA Staff characterizing the prudency standard as one "where you actually have to look at decisions that were made"); *see also id.* at 356:22–25 to 357:1 (Mr. Skaggs of the Miller/Skaggs Panel stating, "[I]n my opinion, you can't look at the end product and then compare it to where it was originally and make a determination whether it was good or bad. You have to look at the day-to-day practices that were put in place…").

At best, CRG focuses on only one prong of the established prudency standard—the reasonableness standard—when it asks "who is responsible?" for capital and construction costs. *See id.* at 339:8–9 ("What [the Court of Appeals] said was it's not about prudency, it's about who is responsible for the cost"); 526:15–17 ("And what they laid out was the issue is not prudency; it is basically who is responsible for the cost."). At worst, CRG conflates the two standards. *See id.* at 526:20–22 (PIA Staff witnesses testifying that the Court of Appeals actually "was referring to the reasonableness standard" when determining who was responsible for cost). Regardless, CRG relies on its misunderstanding to argue that prudency only focuses on "who is responsible" for capital and construction costs. Accordingly, CRG's arguments arise under a misunderstanding of the basic appropriate legal standard. They should be disregarded entirely, and the Commission must deny any recommendations made under the auspices of this faulty application of the law.

2. CRG's claim that calculations must begin at $6 billion is unsupported by the evidence.

CRG asserts in its pre-filed testimony that "[t]he starting point for review of Plant Vogtle's costs should include everything in excess of the original $6.1 billion budget which is the amount at certification." Testimony of Patty Durand at 6:1–2. This claim ignores the fact that the Commission had already deemed $3.510 billion as prudent and presumed $5.680 billion as prudent in the SIR Final Order, and that the Commission thereafter revised the approved capital cost forecast, deeming $7.3 billion as reasonable in VCM 17. *See* SIR Final Order at 5; Order on VCM 17 at 2, 17. Staff testified multiple times that the $7.3 billion amount established in VCM 17 was considered a floor. *See* Tr. Vol. 1 at 525:3–4 ("[W]e had a floor that was established in the 17th VCM of 7.3 billion"); 525:18 ("[T]hat was a floor of 7.3 [billion]); 535:23–24 ("We knew the floor for reasonableness was 7.3 [billion], so we couldn't go below that").

Staff further acknowledged that there were legitimate reasons not to seek costs below $7.3 billion. During the hearing, Witness Roetger testified that had there been "any additional reduction [in PIA Staff's settlement recommendation], there would have been a higher risk that those recommendations would not have been accepted by the Commission." *Id.* at 527:17–20. Furthermore, the Commission has already put "significant disallowances" on the Company's recovery through limitations on financing costs through the NCCR, through lower rates of return, and through lower Allowance for Funds Used During Construction ("AFUDC") amounts. *Id.* at 532:4–9. Witness Roetger further acknowledged that, from a strategic standpoint, parties realize that they may not win on every item if a case were to be fully litigated, which is exactly what "drives counterparties towards a stipulation, because there is real risk there." *Id.* at 528:3–5. This was a valid consideration for PIA Staff given that, as noted above, they have the power and authority to enter into settlements that are in the public interest. *See* PSO at 7. In other words, parties could have engaged in contentious and costly litigation only to end up on the same footing as the Stipulation reached in this case.

Put simply, there is nothing in the record to support CRG's claim that any review must begin at $6.1 billion. On the contrary, $7.3 billion represented an amount that was deemed reasonable by this Commission, and CRG provides no evidence upon which the Commission could rely to reduce the amount deemed reasonable in VCM 17. The Commission should accordingly reject CRG's claim.

3. Multiple CRG exhibits are flawed.

Multiple times during the hearing, CRG walked witnesses through different exhibits purporting to show various costs incurred by the Project or because of the Project. These exhibits are flawed and, in fact, are entirely irrelevant to the issues in this case. For example, Witness Haswell testified that the re-forecasted amount of $7.3 billion that the Commission approved in

VCM 17 was not included in any of the tables of CRG Exhibit 2. Tr. Vol. 1 at 147:22–25 to 148:1–3. CRG responded "That's a different chart," but failed to produce that chart, if any, for the record. *Id.* at 148:4. In other words, CRG's Exhibit 2 is missing key information and context. As another example, Witness Abramovitz testified that CRG Exhibit 3 is "grossly flawed." *Id.* at 158:20. This exhibit "mixes and matches" figures by conflating revenue requirement with the Company's investment amounts. *Id.* at 158:22–25 to 159:1–7. Further, the chart in Exhibit 3 only depicts increases and fails to account for any price decreases that have occurred, the temporary nature of some increases, or the decline over time in revenue requirement attributed to investments. *See id.* at 159:8–22. As Witness Abramovitz testified, the exhibit is a "one-sided chart and doesn't tell the full story." *Id.* at 159:22–24.

The record clearly reflects that CRG's exhibits are both flawed and irrelevant to the issues presented for determination in the Commission's PSO. Accordingly, the Commission should afford no weight to CRG's exhibits.

V. CONCLUSION

For the reasons set forth above, and based on the extensive record in this docket, the Commission should approve the broad-based, constructive Stipulation in its entirety without modification.

Respectfully submitted, this 11th day of December, 2023.

Steven J. Hewitson by Susan J. Henderson w/ express permission
Steven J. Hewitson
Allison W. Pryor
Michael G. Foo
Attorneys for Georgia Power Company

TROUTMAN PEPPER HAMILTON SANDERS LLP
Bank of America Plaza
Suite 3000
600 Peachtree Street N.E.
Atlanta, GA 30308-2216
(404) 885-3000

Docket No. 29849

In Re: Georgia Power Company's Application to Adjust Rates to Include Reasonable and Prudent Plant Vogtle Units 3 and 4 Costs

PROPOSED ORDER OF GEORGIA POWER COMPANY

Record Submitted: December __, 2023 Decided: December 19, 2023

APPEARANCES

On behalf of the Georgia Public Service Commission Public Interest Advocacy Staff:

PRESTON THOMAS, Attorney
GINNY DAVIS, Attorney

On behalf of Georgia Power Company:

STEVEN J. HEWITSON, Attorney
ALLISON W. PRYOR, Attorney
MICHAEL G. FOO, Attorney

On behalf of Concerned Ratepayers of Georgia:

BEN J. STOCKTON
STEVEN C. PRENOVITZ

On behalf of Georgia Association of Manufacturers:

CHARLES B. JONES, III, Attorney
JEFFERY C. POLLOCK

On behalf of Georgia Interfaith Power & Light and Partnership for Southern Equity:

ROBERT D. SHERRIER, Attorney
JENNIFER WHITFIELD, Attorney

On behalf of Georgia Watch:

LIZ COYLE

On behalf of Resource Supply Management:

JIM CLARKSON

On behalf of Southern Alliance for Clean Energy:

BRYAN JACOB

BY THE COMMISSION:

I. BACKGROUND

On August 1, 2008, Georgia Power Company ("Georgia Power" or "Company") filed an application in Docket No. 27800 for Certification of Units 3 and 4 at Plant Vogtle and Updated Integrated Resource Plan ("Certification Application"). In its Certification Application, the Company sought the Georgia Public Service Commission's ("Commission") approval of its addition of Units 3 and 4 at Plant Vogtle ("Vogtle Units 3 and 4" or the "Project"). In its March 30, 2009, Amended Certification Order, the Commission approved the Company's Certification Application at an in-service cost of $6.447 billion as modified by a Stipulation Agreement entered into between the Commission Public Interest Advocacy Staff ("PIA Staff") and the Company ("Certification Stipulation").

Paragraph 2(c) of the Certification Stipulation required the Company to file semi-annual monitoring reports with the Commission as provided by O.C.G.A. § 46-3A-7(b). The Certification Stipulation required that the construction monitoring reports include any proposed revisions in the cost estimates, construction schedule, or project configuration, as well as a report of actual costs incurred during the period covered by the report. Additionally, in its Amended Certification Order, the Commission required the Company to provide specific information in each construction monitoring report.

Prior to the first Vogtle Construction Monitoring ("VCM") proceeding, PIA Staff established a separate docket for the construction monitoring process by opening Docket No. 29849. The Commission's VCM 1 Order adopted a stipulation between PIA Staff and the Company, which, in part, revised the certificated Project cost downward to reflect Construction Work-In-Progress ("CWIP"). The certificated amount for the Project was revised to $6.113 billion dollars.[1] Of that $6.113 billion, $4.418 billion was the forecasted construction costs and $1.695 billion was the forecasted financing costs.

In VCM 8, the Company requested an amendment to the Vogtle Units 3 and 4 Certificate to reflect an updated forecast of the schedule and cost to complete. PIA Staff and the Company

---

[1] This certificated amount revision was implemented in accordance with a change in Georgia law allowing the Company to collect financing costs as incurred during construction, resulting in a decrease in financing cost and certified cost.

reached a Stipulation that the requested amendment, and any future requests to increase the certified cost, would be held in abeyance. The Stipulation further provided in Paragraph 7 that:

> In order to preserve issues that could be raised by Staff in VCM 8 or in subsequent VCM periods, the Company agrees that, if the Commission subsequently makes a finding of fraud, concealment, failure to disclose a material fact, imprudence, or criminal misconduct in the Vogtle construction, the Commission has the authority to disallow associated financing costs and replacement fuel costs. In the event that such financing costs or replacement fuel costs have already been recovered by the Company from customers, the Company shall credit such costs back to the benefit of customers in a manner to be determined by the Commission.

In VCM 12, the Company requested another certificate amendment to reflect additional schedule delays and cost increases. Pursuant to the VCM 8 Stipulation, the Commission also held that request in abeyance and deemed the request withdrawn for purposes of the statutory deadlines.

On January 21, 2016, Georgia Power Company filed an Application for Review and Approval of the Definitive Settlement Agreement for Plant Vogtle Units 3 and 4 and Amendment 7 to the Engineering, Procurement and Construction ("EPC") Contract. In that Application, the Company requested "that the Commission review and approve the Definitive Settlement Agreement and Amendment 7 to the EPC Agreement as prudent and reasonable and in the best interest of the Company's customers." In response to the Company's Application, PIA Staff argued that the Application should automatically be held in abeyance pursuant to the terms of the Stipulation between PIA Staff and the Company approved in VCM 8.

In lieu of considering the Company's request on the Definitive Settlement Agreement and EPC Contract Amendment, the Commission instead created the Supplemental Information Review ("SIR") process. The SIR was resolved in a Stipulation between PIA Staff and the Company, which was adopted and approved by the Commission on January 3, 2017 ("SIR Final Order"). Among other things, the SIR Stipulation and SIR Final Order provided that:

> None of the costs that were incurred, verified and approved through the 14th Vogtle Construction Monitoring Report should be disallowed from rate base on the basis of imprudence as specified in O.C.G.A. § 46-3A-7. Should any system, structure, or component, or portion thereof, included in such costs not perform as required or specified in the design documents, or not meet any NRC requirement, and subsequently delays commercial operation of the Unit(s) as defined in this stipulation, the Commission expressly reserves its right to review and disallow any cost and or schedule impacts of such deficiency.

Also in the SIR Stipulation, the Company agreed to couple Units 3 and 4 for ratemaking purposes, providing that "[t]he Project, consisting of both Units 3 and 4, will be placed into retail rate base on December 31, 2020 or upon reaching commercial operation whichever is later." The SIR Stipulation then defined Commercial Operation "as the Unit being fully dispatchable on demand at the stated Net Electrical Output of 1,102 MWe of the Unit."

The SIR Final Order resolved prudency determinations for the Project from certification through the end of the VCM 14 reporting period. As part of the approved Stipulation, $3.569 billion in costs related to Unit 3, Unit 4, and Common facilities incurred through December 31, 2015, and to be incurred through the settlement with the Consortium were deemed prudent. Additionally, $5.68 billion was deemed reasonable and presumed prudent, such that a party challenging costs incurred above $3.569 billion and up to $5.68 billion would bear the burden of proving such costs were imprudent. For any and all costs above $5.68 billion, the Company retained the burden to show that any such costs are reasonable and prudent. Further, the Nuclear Construction Cost Recovery ("NCCR") statute (O.C.G.A. § 46-2-25) was deemed to apply only to the certified capital amount of $4.418 billion and financing costs recovered through the NCCR were deemed prudent if incurred prior to December 31, 2019, for Unit 3 and December 31, 2020, for Unit 4.

In addition, as part of the SIR Final Order, the Commission ordered a reduction of the return on equity ("ROE") on the entire Project cost estimate from 10.95% to 10% effective January 1, 2016, saving customers approximately $185 million through the end of construction. Additionally, if the Project was not completed by December 31, 2020, the Commission ordered that the Company automatically reduce its NCCR ROE by 300 basis points and its Allowance for Funds Used During Construction ("AFUDC") ROE to its average cost of long-term debt. Finally, the SIR Stipulation provided that the Vogtle Units 3 and 4 Certificate would not be amended and that the certified capital cost for purposes of calculating the NCCR would remain at $4.418 billion.

Westinghouse filed for bankruptcy on March 29, 2017, which cast the future of the Project into question on the cusp of Georgia Power filing its VCM 17 Report. During the Commission's August 15, 2017, Administrative Session, a motion was introduced that, as adopted, required Georgia Power, in conjunction with the Company's VCM 17 Report, to file with the Commission its intention of whether to proceed with construction on one or both units at Plant Vogtle. On August 31, 2017, the Company filed its revised costs, schedule, and project configuration following the Westinghouse bankruptcy for Commission review specifically seeking (1) Commission approval and verification of expenditures incurred during the reporting period, (2) Commission approval of the Company's proposed revisions in cost estimates, construction schedule, and project configuration, and (3) a Commission determination as to whether such proposed costs were reasonable.

In its January 11, 2018, VCM 17 Order, the Commission approved a revised capital and construction forecast cost of $7.3 billion, net of the Toshiba Parent Guaranty payments and customer refunds. The revised cost of $7.3 billion did not include the Project finance costs. The Commission found that any costs spent up to this revised cost forecast were deemed reasonable. The VCM 17 Order did not deem any additional costs to be prudent and did not change the burdens of proof on prudency set in the SIR Stipulation and SIR Final Order.

The VCM 17 Order also approved the Company's revised schedule, which included the Company's new expected date of Commercial Operation for Unit 3 of November 2021 and for Unit 4 of November 2022. The VCM 17 Order also partially decoupled Unit 3, providing:

> To further incent the Company to complete the Units as safely and quickly as possible, the Commission also finds that upon reaching Commercial Operation of

Unit 3, which is expected to be in November 2021, retail base rates will be adjusted to include the costs related to Unit 3 and Common facilities deemed prudent in the January 3, 2017 Stipulation. This rate adjustment will be effective the first month after Unit 3 is in commercial operation.

Moreover, to further incent the Company to bring Units 3 and 4 online, the Commission ordered tiered reductions to the Company's allowed ROE for the Project beyond those that had been approved in the SIR Final Order.

Further, the VCM 17 Order approved the Company's new project management structure whereby Georgia Power, along with Southern Nuclear acting as the project manager, would manage the Project on behalf of the Vogtle Co-Owners pursuant to a revised Ownership Participation Agreement and Bechtel would serve as the primary construction contractor. The Commission ultimately agreed with the Company that completing the Project was in the best interests of customers.

On August 31, 2018, Georgia Power Company filed its VCM 19 Report with the Commission. The Company's VCM 19 Report reflected a revised estimate of the cost to complete the Project, showing an increase in Georgia Power's projected share of the total cost from $7.3 billion to $8.4 billion, net of the Toshiba Parent Guaranty and customer refunds. This increase of approximately $1.1 billion included $694 million in base capital forecast and a project contingency estimate of $366 million. The Company stated it would not seek rate recovery from customers of the $694 million increase to the base capital forecast. The Company reserved the right to return to the Commission to seek cost recovery of the remaining $366 million at a later date, as appropriate.

In VCM 24, in addition to verifying and approving expenditures incurred during the VCM 24 reporting period, the Stipulation between the Company and Staff resolving the VCM 24 proceeding set forth the agreed treatment for how the Commission should review actual costs in excess of the $7.3 billion previously deemed reasonable in the VCM 17 Order. The VCM 24 Stipulation provided, in part,:

1. All Commission decisions regarding the prudence of investments not already deemed prudent through the SIR Stipulation shall be made after a prudence review as contemplated in the VCM 17 Order. The Company retains the burden of proof on prudency for all capital costs above $5.68 billion.

2. Beginning with the VCM 25 reporting period, the Project exceeded the $7.3 billion capital cost forecast previously deemed reasonable by the Commission in its VCM 17 Order.

3. Beginning with VCM 25 and for each VCM thereafter, the Commission should no longer verify and approve costs incurred on the Project, but rather only review costs above $7.3 billion without making any determination as to reasonableness or prudence until the prudence review contemplated in the VCM 17 Order.

4. The Company should continue to report on the progress and cost of the Project, the Company should continue to file semi-annual VCM reports, and the VCM proceedings and process should continue through Project completion.

In accordance with the VCM 24 Order, the Company did not seek verification and approval of Project expenditures in excess of $7.3 billion in VCM 25 or any subsequent VCM proceeding to date.

On June 15, 2021, the Company submitted its Application to Adjust Rates to Include Certain Plant Vogtle Unit 3 and Common Costs (the "Unit 3 Rate Adjustment Application") in Docket No. 43838. The Unit 3 Rate Adjustment proceeding identified those costs recoverable through an adjustment to the base revenue requirement and base rates, the costs that were to remain eligible for recovery through the NCCR tariff, the costs that were to be recovered through the Fuel Cost Recovery tariff, and the costs, if any, that would be eligible for deferral and consideration in a future ratemaking proceeding. No prudency determinations were made in the Unit 3 Rate Adjustment proceeding.

On November 15, 2021, the Commission approved a stipulation between PIA Staff and the Company, which provided for the following:

1. Adoption of an allocation of $3,569 million to Unit 3 and Common, resulting in a rate base increase of $2,100 million the month after Unit 3 reaches Commercial Operation. Further, the stipulation provided that the amount found reasonable and prudent by the Commission to be placed into rate base is the net of the entire remaining balance of Toshiba Parent Guaranty funds of $1.493 billion and that the Toshiba Parent Guaranty funds will not be used to offset imprudently incurred costs.

2. As of the date on which the Company filed the prudence review, if Unit 3 has materially deviated from its expected performance, the Commission has the right to review the Operating and Maintenance ("O&M") expenses embedded in the tariffs for Unit 3 and Common and Georgia Power has the burden to prove during the full prudence review that any outage or derating that resulted in lower than anticipated electricity production by Unit 3 was not the result of unreasonable or imprudent construction, testing or startup activities. If the Company did not meet this burden, the Commission is 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 in a manner to be determined by the Commission.

3. The stipulating parties agreed that the definition of Commercial Operation, as defined in the SIR Final Order in Docket No. 29849 should not be altered or amended for Unit 4 and the parties reserve the right to make any arguments regarding what process will be used to determine that Unit 4 is "fully dispatchable on demand at the stated Net Electrical Output of 1,102 MWe" as that term is used in the SIR Stipulation.

All remaining costs for Vogtle Units 3 and 4 and Common facilities not previously deemed prudent in the SIR Stipulation are subject to the Commission's reasonableness and prudence review in this Prudence and Unit 4 Rate Adjustment proceeding.

II. STATEMENT OF PROCEEDINGS

Pursuant to the VCM 17 Order and following Unit 4 fuel load, Georgia Power filed its Application to Adjust Rates to Include Reasonable and Prudent Plant Vogtle Units 3 and 4 Costs on August 30, 2023 (the "Application"). Also on August 30, 2023, the PIA Staff filed a Proposed Stipulated Agreement (the "Prudence Stipulation") between the Company, the PIA Staff, the Georgia Association of Manufacturers ("GAM"), Georgia Interfaith Power & Light ("GIPL"), Georgia Watch, and the Partnership for Southern Equity ("PSE"). Per the Prudence Stipulation, Georgia Power requests that the Commission find $7.562 billion in capital and construction costs to be reasonable and prudent, and that Georgia Power be allowed to adjust retail base rates to include these costs as well as the related financing costs and operating expenses.

On September 6, 2023, the Commission issued its Procedural and Scheduling Order ("PSO") to consider Georgia Power's Application to recover additional costs in retail base rates consistent with Georgia law and prior orders of the Commission and to determine the remaining issues pertaining to prudence and reasonableness of Vogtle Units 3 and 4 costs.

In accordance with the PSO, on September 8, 2023, the Company filed the direct testimony and exhibits of three expert witness panels: the panel of Aaron P. Abramovitz, Jeremiah Haswell, and John Williams; the panel of Joseph A. Miller and Michael Skaggs; and the panel of Timothy Chitester, Mark Gentry, and Kimberly Reome.

In addition to the PIA Staff, which has a statutory right to participate in this proceeding, interventions were filed by several interested parties: Concerned Ratepayers of Georgia ("CRG"); GAM; GIPL; Georgia Watch; PSE; Resource Supply Management ("RSM"); and the Southern Alliance for Clean Energy ("SACE"). CRG and PIA Staff filed testimony and exhibits presenting their direct cases on October 26 and October 27, 2023, respectively. No other intervening party filed testimony or exhibits.

On November 16, 2023, the Company filed the rebuttal testimony of the panel of Aaron P. Abramovitz, Jeremiah Haswell, and John Williams in response to the positions advocated by PIA Staff and CRG.

Hearings on Georgia Power's Application were held December 4-5, 2023. At these hearings, the Commission heard from numerous public witnesses who expressed their views on the Company's Application, either individually or on behalf of specific groups. The parties filed briefs on December 11, 2023. The Commission decided the matter at the regularly scheduled Administrative Session on December 19, 2023. In doing so, the Commission hereby adopts, in this Order, the Prudence Stipulation executed on behalf of the PIA Staff, Georgia Power, Georgia Watch, GIPL, GAM, and PSE.

III. LEGAL AUTHORITY AND JURISDICTION

The Georgia Public Service Commission has general ratemaking jurisdiction over electric light and power companies, including Georgia Power Company. O.C.G.A. §§ 46-2-20 and 46-2-21. The Commission has "exclusive power to determine what are just and reasonable rates and charges to be made by any person, firm, or corporation subject to its jurisdiction." O.C.G.A. § 26-

2-23; see also O.C.G.A. §§ 46-1-1(5), 46-2-24, 46-2-25, 46-2-26.1, and 46-2-26.2. The procedure for changing rates is governed by O.C.G.A. § 46-2-25. The Commission has jurisdiction over placing construction costs in base rates. O.C.G.A. § 46-3A-7. The Commission has the authority to conduct construction monitoring proceedings. See O.C.G.A § 46-3A-7(b). The Commission has jurisdiction over financing associated with the construction of a nuclear generating plant which has been certified by the commission prior to January 1, 2018. O.C.G.A. § 46-2-25(c.1). The Commission has jurisdiction over fuel costs. O.C.G.A. § 46-2-26.

IV. ISSUES INVOLVED

The issues to be addressed in this proceeding include, but are not limited to, the following:

(a) What are the appropriate construction-related costs, including financing costs, owners' costs, ad valorem tax costs, income tax costs, and other amounts that should be added to rate base and reflected in operating expenses?

(b) What are the appropriate operating expenses that should be included in the revenue requirement, including administrative and general expenses, direct and allocated operation and maintenance expenses, depreciation expense, decommissioning expense, ad valorem tax expenses, income tax expenses, and other expenses, and should there be disallowances, adjustments, and/or other limitations on the amounts included in the revenue requirements?

(c) Are the Vogtle Units 3 and 4 construction costs that the Company requests to add to rate base prudent?

(d) Are the Vogtle Units 3 and 4 construction costs that the Company requests to add to rate base reasonable?

(e) Should any of the Vogtle Units 3 and 4 construction costs and associated financing cost which the Company requests to add to rate base be disallowed on the basis of fraud, concealment, failure to disclose a material fact, or criminal misconduct?

(f) Should any of the Vogtle Units 3 and 4 financing costs be disallowed? To the extent any such financing costs have already been recovered from customers, in what manner should the Company credit such costs back to the benefit of customers?

(g) Should any of the Vogtle Units 3 and 4 replacement fuel costs be disallowed? To the extent any such replacement fuel costs have already been recovered from customers, in what manner should the Company credit such costs back to the benefit of customers?

(h) What is the appropriate retail base rate adjustment to recover the Vogtle Units 3 and 4 construction costs to be added to rate base? As part of this determination, what is the revenue requirement to be recovered from ratepayers and what is the appropriate rate design for the recovery?

(i) Since Commercial Operation of Unit 3, has Unit 3 materially deviated from its expected performance? If so, has the Company met its burden to prove that any outage or derating that resulted in lower than anticipated electricity production by Unit 3 was not the result of unreasonable or imprudent construction, testing or startup activities? If the Company has not met this burden, what amount of costs should be credited back to the benefit of customers and in what manner?

V. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1.

After thorough consideration of the attached Stipulation, the Commission finds as a matter of fact and concludes as a matter of law that the terms and conditions of the Stipulation are reasonable and in the public interest. The Commission further finds and concludes that adoption of the Stipulation constitutes a fair, efficient, effective, and responsible discharge of the Commission's duties in accordance with Georgia law. All other recommendations and/or requests are denied.

The Stipulation contains eighteen provisions, which are as outlined below:

Provision one of the Stipulation provides that the parties agree that $7,562 million is a reasonable and prudent total construction and capital cost for the Project to be included in rate base. Any additional construction and capital cost incurred or to be incurred prior to Commercial Operation is the responsibility of the Company, not customers. Provision one also specifies that, upon reaching Commercial Operation of Unit 4, Georgia Power will include in rate base the remaining $5,462 million of Project construction and capital costs, less the deferred accumulated depreciation on the remaining balance of Unit 3 (for which there is an equal and offsetting regulatory asset for the deferred depreciation). Further, the month after Unit 4 achieves Commercial Operation, Georgia Power will include in retail base rates the revenue requirement associated with the remaining balance of Project construction and capital costs in addition to any amounts already transferred from CWIP to plant in service. The rate adjustment will be implemented in the same manner as the Unit 3 and Common rate adjustment.

Provision two provides that it is also reasonable and prudent to include in rate base the associated AFUDC financing costs on the capital cost above $4,418 million up to $7,562 million.

Provision three addresses the calculation of depreciation expense, the agreed to depreciation rate, the inclusion in retail base rates of the revenue requirement related to any deferred depreciation, and the amortization of any deferred depreciation.

Provision four specifies that the amount deemed reasonable and prudent shall not govern the amount the Company may collect for property tax purposes, and that the amount collected for property tax shall be based on the state-required method of valuation for public utilities.

Provision five states that the O&M expenses, nuclear decommissioning accrual, and property taxes, net of projected production tax credits earned, shall be included in retail base rates. This provision also determines how the annual nuclear decommissioning accrual shall be based.

Provision six specifies that the projected nuclear fuel plant and materials and supplies inventory shall be included in rate base. The deferred interest on nuclear fuel is also included in rate base and will be amortized through fuel expense over the respective fuel cycles of Units 3 and 4.

Provision seven states that the regulatory assets related to the deferred financing of Unit 3 and Common facilities accrued since Unit 3 was placed in service and the deficient accumulated deferred income taxes resulting from the Tax Cuts and Jobs Act ("TCJA") shall be included in rate base. The revenue requirement for these regulatory assets will be included in rate base and amortized over 10 years starting the month after Unit 4 achieves Commercial Operation.

Provision eight provides for the continued recovery of financing costs pursuant to the NCCR tariff, and also provides customer protections that take effect if Unit 4 does not reach Commercial Operation by March 31, 2024. Specifically, the Stipulation provides that if Vogtle Unit 4 has not reached Commercial Operation by March 31, 2024, the Company's ROE used to determine the NCCR and calculate AFUDC will be reduced to zero until Unit 4 reaches Commercial Operation. Upon the effective date of the rate adjustment, financing costs will be included in the Company's general revenue requirements and collected through retail base rates, and any over or under-recovery resulting from the NCCR tariff at its termination will be included in rate base and addressed in the next base rate case.

Provision nine states that if Georgia Power acquires additional ownership interest in Vogtle Units 3 and 4, no construction and capital cost associated with such acquisition will be included in rate base.

Provision ten pertains to disputes with contractors. Namely, any construction and capital costs recovered through a dispute with any contractor on the Project may be retained by Georgia Power, and any additional funds that the Company is obligated to pay to contractors will not be included in retail base rates.

Provision eleven provides customer protections that take effect if Units 3 and 4 do not operate as anticipated. Specifically, if Units 3 or 4 materially deviate from their expected performance as of the date of its respective first refueling outage, the Commission has the right to review the O&M expenses, and any associated system, structure, and component that may have caused the material deviation, for Units 3 and 4 embedded in retail base rates. Further, Georgia Power has the burden to prove that any outage or derating that resulted in lower than anticipated electricity production was not the result of unreasonable or imprudent engineering, construction, procurement, testing, or startup activities. If the Company fails to meet this burden, the Stipulation authorizes the Commission to order Georgia Power to return to customers an appropriate portion of those O&M costs to be determined by the Commission.

Provision twelve allows PIA Staff to use any unspent construction monitoring fees, up to the $33 million, to pay for any reasonably necessary assistance to review and analyze any compliance filings under this Stipulation.

Provision thirteen states that the Company will update the Minimum Filing Requirements ("MFRs") and corresponding revenue requirement for known and measurable changes based on the Stipulation, for any different Commercial Operation Date, or for any change in federal or state income tax rates prior to implementing the rate adjustment.

Provision fourteen pertains to the process for declaring Commercial Operation for Unit 4, which shall be the same as that used for Unit 3. Further, "Commercial Operation for Unit 4 shall not be declared for rate recovery purposes unless and until Unit 4 successfully completes all appropriate pre-operational tests and power ascension testing and any necessary remediation required for safe and reliable operation."

Provision fifteen commits Georgia Power to propose and support in its 2025 Integrated Resource Plan and Demand Side Management ("DSM") Certification dockets a base case of DSM performance savings targets of at least .75% of annual retail sales. Pursuant to the Stipulation, PIA Staff and other Intervenor signatories reserve the right to advocate for a different DSM target in the Company's 2025 IRP and DSM cases.

Provision sixteen expands Georgia Power's current Income Qualified Senior Discount to be applicable to more customers. Specifically, the discount will be made available to (a) all seniors who live in a household with a combined income that is 200% or less of the federal poverty level, adjusted for household size; (b) individuals who receive Social Security Disability Income assistance or Supplemental Security Income; and (c) customers who participate in the federal Housing Choice Voucher Program (HUD Section 8). The expanded discount would take effect when rates are adjusted the month after Commercial Operation of Unit 4 and would be paid for by all residential customers (limited to $1 per month). To implement this discount expansion, the Company agrees to add up to 96,000 customers over the next three years (approximately 32,000 per year).

Provision seventeen commits the Company to continue the evaluation and expansion of renewable resources and programs for the benefit of customers as part of the 2025 IRP. Further, Georgia Power agreed to support any applications by the appropriate state agency to the Inflation reduction Act's "Solar for All" program and, to the extent the state of Georgia is selected, Georgia Power will support the use of such funds through Commission-approved Georgia Power solar programs for the benefit of customers.

The final provision of the Stipulation states that the Company shall continue to file semi-annual VCM Reports until Unit 4 achieves Commercial Operation, but that no testimony or hearings will be required.

2.

III. ORDERING PARAGRAPHS

WHEREFORE, IT IS ORDERED, that the attached Stipulation entered into between the Company, the PIA Staff, GAM, GIPL, Georgia Watch, and PSE is a fair and reasonable resolution

of all outstanding issues in Docket No. 29849, is in the best interest of customers, and is hereby adopted.

ORDERED FURTHER, that the $7.562 billion in total construction and capital costs outlined in the Stipulation is reasonable and prudent.

ORDERED FURTHER, that $5.462 billion (the reasonable and prudent $7.562 billion less $2.1 billion already reflected in base rates) is approved for transfer into the Company's rate base the month after Vogtle Unit 4 achieves Commercial Operation.

ORDERED FURTHER, that AFUDC financing costs on the construction and capital cost above the $4.418 billion certified cost up to the deemed reasonable and prudent $7.562 billion (estimated to be approximately $437 million) is approved for recovery.

ORDERED FURTHER, that depreciation expense, projected O&M expenses, nuclear decommissioning accrual, and property taxes, net of the projected production tax credits, as reflected in the Company's MFRs, are approved for recovery.

ORDERED FURTHER, that the recovery of projected nuclear fuel plant and materials and supplies inventory in rate base as reflected in the Company's MFRs, as well as the deferred interest on nuclear fuel, is approved for recovery.

ORDERED FURTHER, that any deferred depreciation and deferred financing relating to Unit 3 and Common facilities accumulated since Unit 3 was placed in service is approved for recovery.

ORDERED FURTHER, that the transfer to rate base of the regulatory assets related to the deferred depreciation and deferred financing of Unit 3 and Common facilities accrued since Unit 3 was placed in service and the deficient accumulated deferred income taxes ("ADITs") associated with Vogtle Units 3 and 4 resulting from the TCJA is hereby approved.

ORDERED FURTHER, that, consistent with O.C.G.A § 46-2-25(c), the continued collection of financing costs through the NCCR tariff is approved until the effective date of the Units 3 and 4 rate adjustment, at which point such financing costs will be collected through the Company's general revenue requirements in retail base rates.

ORDERED FURTHER, that retail base rates are adjusted by $729 million on an annual basis, effective the first month following Vogtle Unit 4 achieving Commercial Operation.

ORDERED FURTHER, that all changes to tariffs filed by the Company designed to collect the retail base rate adjustment should be approved as filed unless ordered otherwise in this Order.

ORDERED FURTHER, that all findings, conclusions, and decisions contained within the preceding sections of this Order are adopted as findings of fact, conclusions of law, and decisions of regulatory policy of this Commission.

ORDERED FURTHER, that jurisdiction over this proceeding is expressly retained for the purpose of entering such further order or orders as this Commission may deem proper.

ORDERED FURTHER, any motion for reconsideration, rehearing, or oral argument shall not stay the effectiveness of this Order unless expressly ordered by the Commission.

The above by action of the Commission in Administrative Session on the 19th day of December, 2023.

_____
Sallie Tanner
Executive Secretary

_____
Jason Shaw
Chairman

_____
Date

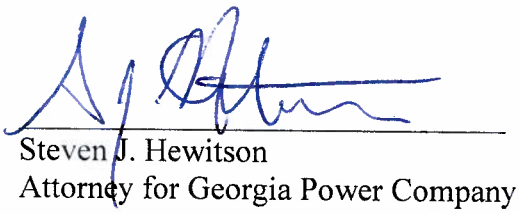
_____
Date

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the within and foregoing GEORGIA POWER COMPANY'S POST-HEARING BRIEF AND ITS PROPOSED ORDER IN DOCKET NO. 29849 upon all parties listed below via electronic service or by hand delivery and addressed as follows:

Sallie Tanner Executive Secretary Georgia Public Service Commission 244 Washington Street, SW Atlanta, GA 30334 stanner@psc.ga.gov	Preston Thomas Georgia Public Service Commission 244 Washington Street, SW Atlanta, GA 30334 pthomas@psc.state.ga.us mailto:jeffreys@psc.state.ga.us
Charles B. Jones, III Lloyd Avram Georgia Association of Manufacturers The Hurt Building 50 Hurt Plaza, Suite 1620 Atlanta, GA 30303 cjones@gamfg.org lavram@gamfg.org	Jeffry C. Pollock J. Pollock Incorporated 12647 Olive Blvd., Suite 585 St. Louis, Missouri 63141 jcp@jpollockinc.com
Ben J. Stockton, Executive Director Concerned Ratepayers of Georgia 2230 Allen Road Macon, GA 31216 encomanager13@gmail.com	Steven Prenovitz 4295 Amberglade Court Norcross, GA 30092 scprenovitz@gmail.com
Bryan Jacob Southern Alliance for Clean Energy 1455 Hampton Hill Drive Alpharetta, Georgia 30022 bryan@cleanenergy.org	Robert Sherrier Jennifer Whitfield Southern Environmental Law Center Ten 10th Street Suite 1050 Atlanta, GA 30309 bsherrier@selcga.org jwhitfield@selcga.org
Liz Coyle Georgia Watch 55 Marietta Street N.W. Suite 903 Atlanta, GA 30303 lcoyle@georgiawatch.org	Jim Clarkson Resource Supply Management 135 Emerald Lake Rd Columbia, SC 29209 Phone 803-312-3500 jclarkson@rsmenergy.com

This 11th day of December 2023.



Steven J. Hewitson
Attorney for Georgia Power Company

TROUTMAN PEPPER HAMILTON SANDERS LLP
Bank of America Plaza
600 Peachtree St., N.E.
Suite 3000
Atlanta, Georgia 30308-2216
(404) 885-3000