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Docket No. 55378

**In Re: Georgia Power Company's 2023 Integrated Resource Plan Update,
Application for Certification of Plant Yates Units 8-10.**

ORDER GRANTING CERTIFICATION OF PLANT YATES UNITS 8 – 10

APPEARANCES:

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

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On behalf of Georgia Power Company:

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Docket No. 55378

Georgia Power Company's Application for Certification of Plant Yates Units 8-10

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Statement of Proceedings

On October 27, 2023, Georgia Power Company (“Georgia Power” or “Company”) filed its 2023 Integrated Resource Plan Update (“2023 IRP Update”) in response to the Company’s forecast of unprecedented load growth and the need for electric energy capacity. Among various proposed capacity resources and demand-side initiatives, the Company requested approval to self-build three (3) advanced frame dual fuel simple cycle Combustion Turbines (“CTs”) at Plant Yates Units 8, 9, and 10. On April 26, 2-24, the Commission issued an Order Adopting Stipulated Agreement, which included, among other things, the Yates proposal.

On January 31, 2024, the Company filed its Application for Certification of the three CTs self-build at Plant Yates. These CTs will provide approximately 1,300 MW of capacity. Unit 8 is expected to be commercially available by December 1, 2026, with Units 9 and 10 expected to be commercially available by May 1, and August 1, 2027, respectively. The capacity of each CT when using natural gas is approximately 441 MW and when using ultra-low sulfur diesel (“ULSD”) is approximately 351 MW. The Application provides the forecasted cost of the units which includes capital construction, ad valorem taxes and allowance for funds used during construction (“AFUDC”). The Company states that due to this period of unprecedented growth in load and the subsequent need for capacity resources that approval by the Commission of these Units should be exempt from Commission Rules 515-3-4.04(3)(f)(6) and (7). Additionally, the Company requests approval of these Units in an expedited manner.

On March 26, 2024, the Public Interest Advocacy Staff (“PIA Staff”) and the Company entered a stipulation that was intended to resolve all issues related to the 2023 IRP Update, including the Company’s proposal to self-build Plant Yates Units 8, 9, and 10. Paragraph 12 of the Stipulation relates to the Yates Units and reads as follows:

The Plant Yates combustion turbines 8-10 (“Yates 8-10”) are approved as part of the Company’s 2023 IRP Update Plan. Yates 8-10 are exempted from the RFP process under Commission Rules 515-3-4-.04(3)(f)(6) and (7). Accordingly, the Commission shall proceed with a hearing on the Company’s Application for Certification of Yates 8-10 filed in this docket on January 31, 2024. Limited to this case, the Company agrees that if the Application is granted, Georgia Power will not seek recovery of any project construction costs that exceed the proposed project construction cost in the Company’s January 31, 2024 Application for Certification absent a showing that such costs are the result of circumstances beyond the Company’s reasonable control, which are: acts of God that damage necessary facilities; sudden actions of the elements such as floods, earthquakes, pandemic or epidemic, named tropical storms, hurricanes or tornados; terrorism or war; sabotage; riots; labor strikes or work stoppages; change in law; actions related to the Yates 8-10 project from a court or governmental authority; or other similar events beyond the reasonable control of Georgia Power. In the event the Company seeks recovery of additional project construction costs because of any such circumstances, Georgia Power agrees that it shall have the burden to prove that project construction costs above the amount proposed in the Application for Certification were the result of circumstances beyond the Company’s reasonable control and were reasonable and prudent. In addition, if the Application is granted, the Company will file semi-annual construction monitoring reports from the date construction begins through the date of commercial operation. Specific reporting requirements will be determined in the certification proceeding.

On April 16, 2024, the Commission voted to approve the Stipulation, including Paragraph 12. Approval of the Stipulation was supported by the prior record in this docket and substantiates the inclusion of Yates 8-10 in the IRP Update Plan at the time that these resources are proposed to be utilized to assure an economical and reliable supply of capacity and energy for Georgia Power’s customers. Further, the record in the prior proceeding authorized the exclusion of Yates 8-10 from the Request for Proposals requirement of the Commission Rules, under the exception provided in Commission Rules 515-3-4-.04(3)(f)(6) and (7). The Commission takes administrative notice of the record in the prior hearings in this Docket and incorporates that record into this proceeding. On April 26, 2024, the Commission formally issued its Order Adopting Stipulated Agreement in the IRP Update.

On May 8, 2024, the Commission issued a Procedural and Scheduling Order (PSO) to govern the request for certification process. In keeping with the PSO, the Company filed the direct testimony in support of certification for the panel of Jefferey R. Grubb and Michael A. Bush on May 21, 2024.

On June 21, 2024, PIA Staff filed the direct testimony of Steven Roetger. That same day, joint Intervenor Sierra Club and Southern Alliance for Clean Energy (SACE) filed the direct testimony and exhibits of Albert Lin. Subsequently, the Company filed the rebuttal testimony of the panel of Jeffrey R. Grubb and Michael A. Bush on July 10, 2024.

The Commission held a hearing on the Company's Request for Certification on July 24, 2024, where it heard public comments and testimony from Company, Staff, and Intervenor witnesses. On direct examination, the Company presented the panel of Jeffrey R. Grubb and Michael A. Bush. Staff presented witness Steven Roetger, and Intervenor Sierra Club and SACE presented witness Albert Lin for direct examination. On rebuttal, further testimony from Company witnesses Jeffrey R. Grubb and Michael A. Bush was heard.

Jurisdiction and Authority

Georgia Power is a public electric utility serving retail customers within the State of Georgia. This Commission has jurisdiction over Georgia Power's Application for Certification pursuant to O.C.G.A. § 46-2-1 et seq. generally, and the "Integrated Resource Planning Act", O.C.G.A. § 46-3A-4 et seq. in particular.

Additionally, pursuant to O.C.G.A. § 46-3A-3(a), after January 31, 1992, no utility shall commence the construction of an electric plant, sell an existing plant or any portion thereof which is included in the retail rate base or which has been certified, enter into a long-term purchase of electric power, or make expenditures for a demand-side capacity option for serving the utility's Georgia retail customers without having first obtained from the commission a certificate that public convenience and necessity requires, or will require, such construction, sale, purchase, or expenditure.

Findings of Fact and Conclusions of Law

To ensure that the competing interests of all parties were properly considered, the Commission has carefully analyzed all evidence of record including the testimony given and the various exhibits entered by all the parties.

Stipulation by Staff and Company

In Paragraph 12 of the Stipulation adopted in the 2023 IRP Update, the Staff and Company reached an agreement on the material facts related to the construction of Plant Yates Units 8-10.

The Commission finds that the evidence before it in this certification proceeding show that the provision of the Stipulation related to construction of Plant Yates Units 8-10 to which the Staff and Company agree provides reasonable conditions relating to the construction and certification of these Units. The Commission previously found that the Stipulation fairly and reasonably balances the interests of the ratepayers and the Company and affirms that determination now. Therefore, the provisions of said Stipulation as stated in Paragraph 12 of the Stipulation are incorporated herein by reference as findings of the Commission.

Testimony and Certification Hearing

In addition to reviewing the Company, Staff, and Intervenor's pre-filed testimony, the Commission held a public hearing where the testimonies of the parties were subjected to cross examination and public review. At the hearing, Company and Staff witnesses were in general agreement that the Commission should certify the construction of Plant Yates Units 8-10 in accordance with the terms of Paragraph 12 of the Stipulation.

Staff Witness Mr. Roetger recommended in both his pre-filed testimony as well as at the July 24, 2024, Certification Hearing that the Commission institute a construction monitoring process for the Plant Yates Units 8-10 comparable to the process utilized during the Plant Vogtle Units 3 & 4 project conducted under Docket Number 29849. According to Mr. Roetger,

This monitoring process provided Staff and its consultants with the necessary visibility across all aspects of engineering, procurement, construction, and testing to be able to perform the due diligence that was necessary for Staff to be sufficiently informed to develop an independent opinion of the status of the Project and assess future risks. Staff would size this process appropriately for monitoring the Yates CT Project in this docket.

Mr. Roetger also identified six necessary specific elements of Staff's monitoring program as follows:

1. Initiated by a data request, a series of reports, data, updates, etc... shall be filed by the Company on the 20th day following the month of the reporting date. The first filing by the Company will require the most effort because Staff will need all documents that baseline the Project. Subsequent filings would be monthly updates to those baseline documents.
2. Access to the site i.e. badged to enter the site to monitor the progress independently. It is important that Staff have autonomy when walking down the site. During walk downs we will have the need for verbal interactions and note taking.
3. The right to take site pictures to support our discussions and note taking.
4. Access to the Project Leadership via a monthly meeting to be coordinated between Staff and the Company. This access will be limited to 1 hour or less. Project Leadership as used in this element refers to Georgia Power Company, Southern Company Services, and both Consortium partners¹.
5. Access to site meetings on an ad hoc basis to observe participants and discussion.
6. Access to additional reports or information as deemed necessary by Staff² such as, but not limited to, the following:

¹ Dates and times can be determined. Additionally, Staff understands that on any given month there may be a conflict with this meeting for one or more of the Project Leadership team members.

² Staff's intent is not for any organization from which we request information to develop separate reports. It is Staff's belief that the types of reporting that will be requested should already be produced as part of the normal process of management of this Project.

- a. Project Execution Plan (including individual department execution plans)
- b. Agreement(s) between Company and Its Vendors/Contractors
- c. Project Division of Responsibility (typically called Scope Division of Responsibility)
- d. Construction Sequence (mapped on a Site Plot Plan)
- e. Level I Management Schedule
- f. Level II Management Schedule
- g. Project Governance Procedures (sub bullets below are for your reference)
 - i. Lessons learned from prior experience on such projects (all organizations)
 - ii. Project Organization Chart
 - iii. Total Installed Cost or Value Engineering Programs / Six Sigma
 - iv. ES&H³ Issues and Approaches
 - v. Statement on Quality
 - vi. Engineering Tools and Procedures
 - vii. Construction Plans and Procedures
 - viii. Rules of Credit for Engineering Hours
 - ix. Rules of Credit for Construction Job hours
 - x. DCMA⁴ schedule quality criteria basis
 - xi. Procedure for managing total float
 - xii. Design and procurement coordination plan (vendor information)
 - xiii. Design and construction coordination plan (addressing RFI⁵'s)
 - xiv. Construction and procurement coordination plan (delivery dates)
 - xv. Transition Plan from Construction to Commissioning to Operations
 - xvi. Trend Management Plan
 - xvii. Model Reviews (constructability and operability)
 - xviii. Advance work packaging plan
 - xix. 4D BIM⁶ or 5D BIM plan
 - xx. Team Building Plan
 - xxi. Project Controls Plan
- h. First 90-day plan until Integrated Project Schedule is Developed/Baselined
- i. Level III Integrated Project Schedule (format to be agreed and native)
- j. Estimate (\$XXXX) Basis (words describing the \$'s)
- k. Project Risk Management and Mitigation Register (including Contingency Assessment).
- l. Team Formation and Assessment for the Key Positions on the Project
- m. Plan for Cold Eyes (off-project personnel) reviews on the Project

³ Environment, Safety, & Health

⁴ Defense Contract Management Agency

⁵ Request For Information

⁶ Building Information Modeling: 4D introduces time phasing; 5D adds cost information to 4D.

- n. Monthly Documentation examples:
 - i. Commodity release / delivery / installation curves
 - ii. Unit rate report.
 - iii. Craft staffing curves by discipline
 - iv. Progress reports submitted by contractors to the Company
 - v. Cost Report (including Cost Performance Indicator or CPI)
 - vi. Schedule Report (including Schedule Performance Indicator or SPI)
 - vii. Schedule Adherence Report
 - viii. Top 5 schedule critical path report
 - ix. Scope Change Register
 - x. Trend Report
 - xi. DCMA Schedule quality report
 - xii. Field Indirects Report

Additionally, Mr. Roetger laid out the Company's formal semi-annual reporting and recommended that the Company be required to file semi-annual Reports 45 days after the end of the semi-annual period, and that Staff be permitted to file its own independent Report 75 days after the filing of the Company's report. With respect to the contents of the Reports, Mr. Roetger recommended that Staff reserve the right to amend the information required in the Report based on performance of Project Management.

Given the relative smaller size and scope of the Plant Yates Units 8-10 project, Mr. Roetger advised that he did not believe that semi-annual Monitoring Hearings would be necessary at this time but noted that Staff reserves the right to request a hearing if further review is warranted.

GIPL asked whether the Company would provide the Commission with costs that they felt were outside of their reasonable control throughout the construction process and the Company said they would if Staff asked for it. Tr. p. 50. The Commission finds this request reasonable and prudent.

Joint Intervenors Sierra Club and SACE were generally opposed to the certification of Plant Yates Units 8-10. Intervenors' witness Albert Lin expressed concern regarding the Company's growing reliance on natural gas in light of its price volatility and recommended a delay in certification to provide time to create an updated Fuel Cost Recovery policy. As mentioned throughout the Hearing, time is of the essence and the Commission declines to accept any further delay in putting these assets in place.

In light of these testimonies, the state of Georgia's recent extraordinary economic growth, and its citizens and business' pressing need for economical and reliable energy to meet this growth, the Commission agrees with the Company and Staff that certification of Plant Yates Units 8-10 and is reasonable and appropriate.

Contemporaneous with the approval of the certification of Plant Yates Units 8-10, the Commission has also approved the construction monitoring contract for the project. O.C.G.A. § 46-2-33(a) provides that the cost to the Commission of providing reasonably necessary specialized testimony and assistance in proceedings initiated by a utility shall be charged to the affected utility. It further provides that the amount of such charges for utility rate cases shall not exceed \$600,000.00 per case per year. The maximum fee is adjusted on an annual basis based on the Consumer Price Index as reported by the Bureau of Labor Statistics of the United States Department of Labor. For the Plant Yates Units 8-10 construction monitoring, the maximum fee has been determined to be \$870,000 per year. O.C.G.A. § 46-2-33(b) provides that at the time the Commission determines that specialized testimony and assistance is required, the Commission shall issue an order setting forth the scope and budget for such testimony and assistance.

O.C.G.A. § 46-2-33(b) provides that all invoices relating to the testimony and assistance shall be subject to Commission review and approval, and no utility shall be required to pay any invoice not approved by the Commission. O.C.G.A. § 46-2-33(c) provides that the amounts paid by regulated companies under this Code section shall be deemed a necessary cost of providing service, and the utility shall be entitled to recover the full amount of any costs charged to the utility pursuant to this Code section. O.C.G.A. § 46-2-33(c) further provides that, at the election of the utility, the utility shall be entitled to recover all such costs promptly through a reasonably designed rider designated for such purpose. The Commission finds that the annual allowance for construction monitoring costs is reasonable and prudent and that such costs will not be charged against or assumed to be within the certified cost of Plant Yates Units 8-10.

The Commission hereby determines that specialized testimony and assistance is required in monitoring the construction of Plant Yates Units 8-10. Accordingly, the Commission hereby sets the budget for such construction monitoring for the forecasted three-and-a-half-year construction period at \$1,535,000.

ORDERING PARAGRAPHS

WHEREFORE IT IS ORDERED that Georgia Power Company's Application for the Certification of Plant Yates Units 8-10 as modified by Paragraph 12 of the Stipulation between the Commission Staff and Georgia Power Company is approved.

ORDERED FURTHER, that with the exception of the above findings of facts and conclusions of law, the Commission denies all remaining recommendations.

ORDERED FURTHER, that construction of Plant Yates Units 8-10 shall be exempted from the Request for Proposal process under Commission Rules 515-3-4-.04(3)(f)(6) and (7).

ORDERED FURTHER, that the certified in-service costs of Plant Yates Units 8-10 that Georgia Power has designated as Trade Secret shall be equal to the Total Cost Estimate amount stated on page 18 of Georgia Power Company's Application for Certification of Plant Yates Units 8-10, and as referenced in Paragraph 12 of the Stipulation and the pre-filed Testimony of Staff Witness Steven Roetger.⁷

ORDERED FURTHER, that Georgia Power shall not be permitted to seek recovery of any project construction costs that exceed the proposed project construction cost, absent circumstances outside of the Company's control as provided in the Stipulation. In the event that the Company seeks recovery of additional project construction costs because of any such circumstances, Georgia Power agrees that it shall have the burden to prove that project construction costs above the amount proposed in the Application for Certification were the result of circumstances beyond the Company's reasonable control and were reasonable and prudent.

ORDERED FURTHER, that Georgia Power Company will file semi-annual construction monitoring reports from the date construction begins through the date of commercial operation and that the construction monitoring program recommended by Staff is approved and shall be implemented in accordance with the filed testimony of Staff Witness Roetger.

ORDERED FURTHER, the Georgia Power Company will expressly detail in its semi-annual construction monitoring report filings any time there is a cost identified that Georgia Power believes was outside of its reasonable control as that term is used in Paragraph 12 of the Stipulation in the 2023 IRP Update.

ORDERED FURTHER, that the Commission hereby determines that specialized testimony and assistance is required in monitoring the construction of Plant Yates Units 8-10. Accordingly, the Commission hereby sets the budget for such construction monitoring for the forecasted three-and-a-half-year construction period at \$1,535,000.

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

ORDERED FURTHER, that a motion for reconsideration, rehearing, oral argument, or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

ORDERED FURTHER, that jurisdiction over this matter is expressly retained for the purpose of entering such further Order(s) as this Commission may deem just and proper.

⁷ Docket 55378 Direct Testimony of Steven D. Roetger On behalf of Public Interest Advocacy Staff, Page 6 Line 147.

The above action by the Commission in Administrative Session on the 20th day of August 2024.



Sallie Tanner
Executive Secretary

8-29-24
Date



Jason Shaw
Chairman

8-29-24