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October 23, 2024

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

RE: Georgia Power Company's Application for Certification of Robins, Moody, Hammond, and McGrau Ford Phase I and II Battery Energy Storage Systems; Docket No. 55378

Dear Ms. Tanner:

Enclosed for filing on behalf of Georgia Power Company is the Rebuttal Testimony of the Panel of Jeffrey R. Grubb, Michael A. Bush, and Steven M. Goedjen.

Please call me at (404) 885-3683 if you have any questions regarding this filing.

Sincerely,

/s/Brandon F. Marzo
Brandon F. Marzo

Enclosure

STATE OF GEORGIA

**BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION**

In Re:

Georgia Power Company's)	Docket No. 55378
Application for the Certification)	
of Robins, Moody, Hammond, and)	
McGrau Ford Phase I and II)	
Battery Energy Storage Systems)	

REBUTTAL TESTIMONY OF

JEFFREY R. GRUBB, MICHAEL A. BUSH, AND STEVEN M. GOEDJEN

October 23, 2024

**REBUTTAL TESTIMONY OF
JEFFREY R. GRUBB, MICHAEL A. BUSH, AND STEVEN M. GOEDJEN**

**IN SUPPORT OF GEORGIA POWER COMPANY’S
APPLICATION FOR THE CERTIFICATION OF
ROBINS, MOODY, HAMMOND, AND MCGRAU FORD PHASE I AND II
BATTERY ENERGY STORAGE SYSTEMS
DOCKET NO. 55378**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAMES, TITLES, AND BUSINESS ADDRESSES.

A. My name is Jeffrey R. Grubb. I am the Director of Resource Planning for Georgia Power Company (“Georgia Power” or the “Company”). My business address is 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308.

A. My name is Michael A. Bush. I am the Generation Development Director for Southern Company Services, Inc. (“SCS”). My business address is 600 North 18th Street, Birmingham, Alabama 35203.

A. My name is Steven M. Goedjen. I am a Manager in Generation Development for SCS. My business address 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308.

**Q. DID YOU PREVIOUSLY PRESENT DIRECT TESTIMONY ON BEHALF
OF GEORGIA POWER IN THIS PROCEEDING?**

A. Yes. We filed Direct Testimony in this proceeding on August 16, 2024.

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A. The purpose of our rebuttal testimony is to respond to the testimony of the Georgia
3 Public Service Commission (“Commission”) Public Interest Advocacy Staff (“PIA
4 Staff”) filed in this proceeding. We also testify in support of the Stipulation,¹
5 entered into by the Company and PIA Staff on October 23, 2024, which resolves
6 all issues in this proceeding (“Stipulation”).

7 **Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR REBUTTAL**
8 **TESTIMONY?**

9 A. No.

10 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

11 A. Our rebuttal testimony responds to the direct testimony of PIA Staff Witnesses
12 Bobby Isley and Jeffrey Bower and Douglas Smith and Katherine Palacios and
13 explains the primary tenants of the Stipulation. As an initial matter, the Company
14 notes that PIA Staff recommends approving all five projects and approves of the
15 Company’s determinations regarding both the sizing and siting of each project. The
16 Stipulation provides for the certification of the BESS Projects. Our rebuttal
17 testimony also discusses Witnesses Isley and Bower’s specific recommendations
18 regarding contingency and construction monitoring, and we explain how the
19 Stipulation resolves this issue. Similarly, the Company and PIA Staff have agreed
20 in the Stipulation to collaborate with PIA Staff to develop an appropriate
21 construction monitoring process. Finally, we will briefly discuss the transmission
22 provision included within the Stipulation.

¹ *Stipulation*, Docket Nos. 55378, 44160 (October 23, 2024).

1 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

2 A. The remainder of our testimony is structured as follows:

- 3 • Section II addresses the Company's response to PIA Staff's recommended
- 4 adjustments to the contingency and how this issue is resolved by the Stipulation.
- 5 • Section III addresses PIA Staff's recommendations regarding Construction
- 6 Monitoring and reiterates that the Company will collaborate with PIA Staff to
- 7 develop the appropriate reporting requirements.
- 8 • Section IV addresses PIA Staff's transmission-related recommendations.

9 **II. CONTINGENCY**

10 **Q. WHAT DOES PIA STAFF RECOMMEND REGARDING THE BESS**

11 **PROJECT CONTINGENCY?**

12 A. PIA Staff Witnesses Iseley and Bower have recommended that the Company adjust

13 contingency to remove contingency associated with Changes in Import Tariffs or

14 Other Regulatory Impacts.

15 **Q. WHY DOES STAFF RECOMMEND THAT THE COMMISSION REDUCE**

16 **THE CONTINGENCY AMOUNT INCLUDED IN THE BESS PROJECT**

17 **ESTIMATES?**

18 A. PIA Staff has taken the position that certain risks related to Changes in Import

19 Tariffs or Other Regulatory Impacts are inappropriate to include in contingency

20 estimates. Witnesses Iseley and Bower contend that if cost impacts associated with

21 changes in import tariffs or other regulatory impacts occur, the Company currently

22 can request recovery of any amounts incurred that cause the Company to exceed its

23 certified budget. Witnesses Iseley and Bower also contend that approval of

24 contingency amounts associated with this risk category will foreclose the ability of

1 the Commission to challenge the reasonableness of costs should a change in law
2 associated with import tariff and other regulatory impacts not occur.

3 **Q. DOES PIA STAFF OPPOSE THE COMPANY LATER SEEKING**
4 **RECOVERY OF COSTS INCURRED FOR CHANGES IN IMPORT**
5 **TARIFFS OR OTHER REGULATORY IMPACTS?**

6 A. No. The Company understands from the testimony of PIA Staff Witnesses Iseley
7 and Bower that they are not recommending that the Company not recover cost
8 associated with tariff changes and other regulatory impacts. Indeed, the PIA Staff
9 acknowledges that the Company can seek recovery of cost above the certified
10 amount under Georgia law, and that PIA Staff would “likely support” the recovery
11 of cost associated with this risk category.²

12 **Q. HOW DID THE COMPANY EVALUATE PROJECT RISKS AND**
13 **CALCULATE CONTINGENCY FOR THE BESS PROJECTS IN THIS**
14 **CASE?**

15 A. The Company employed a multi-pronged approach to develop the contingency cost
16 estimates for the BESS project portfolio. To that end, the Company relied on its
17 knowledge of the contracts, project scope, and considered several risk factors in
18 developing the contingency cost estimates, including market fluctuations, project
19 complexity, supplier lead times, contractual terms, and the clarity and stability of
20 the project scope. The rapid development, the complexity of managing multiple
21 interdependent agreements and the critical need for a 2026 commercial operation
22 date (“COD”) were also considered. Contingency was applied across all projects in
23 consideration of these risks.

² *Direct Testimony and Exhibits of Bobby Iseley and Jeffrey D. Bower*, Docket No. 55378 (October 11, 2024)
at 14.

1 **Q. DOES THE CONTINGENCY INCLUDED IN THE BESS PROJECT**
2 **ESTIMATES ENSURE THAT ALL RISKS ARE ADDRESSED?**

3 A. No. The Company tried to identify all potential risks and account for a range of
4 potential outcomes but did not plan for the worst-case scenario. This means that the
5 Company used both qualitative and quantitative inputs and determined a level of
6 contingency that is reasonable and not one that is certain to address all risk.

7 **Q. DOES THE COMPANY RECOVER CONTINGENCY THAT IT DOES NOT**
8 **UTILIZE?**

9 A. No. Any project contingency amount not used for project implementation
10 ultimately lowers the overall project cost to customers. Contingency is only a
11 safeguard against project-specific risks and uncertainties. Moreover, the
12 Commission will have oversight through construction monitoring to review the
13 Company's spending and ensure that such spending is prudent, including the use of
14 contingency.

15 **Q. IS THE CONTINGENCY AMOUNT INCLUDED IN THE BESS PROJECT**
16 **ESTIMATES CONSISTENT WITH INDUSTRY STANDARDS?**

17 A. Yes. The percentage of contingency applied to the BESS portfolio of projects is
18 consistent with Association for the Advancement of Cost Engineering ("AACE")
19 Industry standards. The current BESS projects are classified as Class 2 estimates,
20 as their detailed design is not finished. The AACE defines Class 2 estimates with
21 accuracy ranges of -5% to +20%, respectively, indicating relative precision but
22 expected cost variations. As noted, the BESS projects were filed with a total
23 contingency value that is consistent with AACE Industry ranges and serves as a
24 buffer for project risks.

1 **Q. DOES THE COMPANY HAVE CONCERNS WITH THE**
2 **RECOMMENDATION TO REMOVE A SPECIFIC RISK CATEGORY**
3 **FROM CONTINGENCY, SUCH AS CHANGES IN IMPORT TARIFFS OR**
4 **OTHER REGULATORY IMPACTS?**

5 A. Yes. Although the Company understands Staff's perspective that tariff changes,
6 which are beyond the Company's control, have an alternative avenue for cost
7 recovery should that particular contingency take place, the Staff's proposed
8 adjustment conflicts with the manner in which the Company developed
9 contingency for the BESS Projects. In developing contingency, the Company
10 considered several risk categories including "Changes in Tariffs or Other
11 Regulatory Impacts" to determine the appropriate level of contingency. The
12 Company is concerned that excluding "Change in Import Tariffs or Other
13 Regulatory Impacts" risk from the contingency in the manner that Staff has
14 proposed in this case overlooks crucial quantitative and qualitative measures, such
15 as contract information and management judgment, and ignores evolving risks.
16 Moreover, the Company is also concerned that the methodology used by PIA Staff
17 to adjust the contingency overstates the amount by which contingency should be
18 reduced.

19 **Q. DOES THE STIPULATION RESOLVE THIS ISSUE?**

20 A. Yes. Under the Stipulation the Company and PIA Staff have agreed to a reasonable
21 contingency adjustment. The Company will also manage contingency on a
22 cumulative basis for the portfolio of BESS Projects and shall report on contingency
23 through the Construction Monitoring Reports.

1 **III. CONSTRUCTION MONITORING**

2 **Q. WHAT DOES PIA STAFF RECOMMEND WITH RESPECT TO**
3 **CONSTRUCTION MONITORING?**

4 A. PIA Staff recommends the Company file quarterly Construction Monitoring
5 Reports for the BESS Portfolio Projects. In addition to information the Company
6 has already agreed to provide, Staff recommends the Company report on
7 contingency assessment, Construction Work in Progress, Allowance for Funds
8 Used During Construction, and Ad Valorem balances.

9 **Q. DOES THE COMPANY AGREE WITH STAFF'S RECOMMENDATION?**

10 A. The Company supports and agrees to file construction monitoring reports for the
11 BESS Portfolio Projects. The Company will collaborate with PIA Staff to develop
12 the appropriate reporting requirements specific to the BESS Projects.

13 **Q. DOES THE STIPULATION ADDRESS CONSTRUCTION MONITORING?**

14 A. Yes. The Stipulation provides for quarterly construction monitoring reports and
15 addresses several of the elements discussed previously to be included in that
16 reporting. The Company will also collaborate with Staff on the format for the
17 reports.

18 **IV. TRANSMISSION**

19 **Q. WHAT DOES THE STIPULATION PROVIDE AS IT PERTAINS TO**
20 **TRANSMISSION?**

21 A. The Stipulation confirms that Georgia Power agrees to provide Staff a copy of the
22 2024 transitional cluster study and will notify Staff through the construction
23 monitoring process whether the cluster study will impact the expected costs of the
24 portfolio of BESS Projects certified in this case. In addition, the Stipulation

1 provides that the Company agrees to consider alternatives, including potential
2 operational adjustments or dispatch changes, prior to finalizing transmission
3 upgrades identified in the McGrau Ford Phase II screening analysis in its 10-year
4 Transmission Plan.

5 **V. CONCLUSION**

6 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION TO THE**
7 **COMMISSION.**

8 A. During the 2023 IRP Update, the Commission acknowledged that the state of
9 Georgia is in a period of extraordinary growth and approved 500 MW of BESS to
10 serve Georgia Power's demonstrated capacity need beginning in the winter of
11 2026/2027. As submitted, Georgia Power's Certification Application for the BESS
12 Projects will provide needed energy and capacity to customers and is in the public
13 interest. The Company requests that the Commission adopt the Stipulation between
14 Georgia Power and PIA Staff that resolves all issues in the case

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes.