February 19, 2025

Georgia Power Company
Controls and Compliance Committee

Mr. Clyde Tuggle, Chair
Ms. Jill Bullock
Mr. T Dallas Smith
Mr. Virgil Miller

RE: Statement of Sound Financial Condition as required by Section 46-2A-1 of the Official Code of Georgia Annotated

The financial condition of Georgia Power Company remains sound.

Current Earnings

Earnings for 2024 were $2.5 billion with a total return on average common equity of 11.29%, representing a $463 million, or 22.3%, increase from the previous year. Earnings for 2023 were $2.1 billion with a total return on average common equity of 10.34%.

The increase was primarily due to higher retail revenues associated with the inclusion of Plant Vogtle Units 3 and 4 in retail rates and base rate tariff increases in accordance with the 2022 ARP effective January 1, 2024, as well as weather impacts. These increases were partially offset by higher operations and maintenance expenses and an increase in charges to a valuation allowance on certain state tax carryforwards.

Future Earnings

- Overview

Georgia Power's future earnings depend on numerous factors that affect the opportunities, challenges, and risks of Georgia Power's primary businesses of selling. Georgia Power is unable to predict changes in law, regulations, regulatory guidance, legal interpretations, policy positions, and implementation actions that may result from the change in presidential administrations.

For Georgia Power, these factors include the ability to maintain constructive regulatory environments that allow for the timely recovery of prudently-incurred costs during a time of increasing costs, including those related to projected long-term demand growth, stringent environmental standards, including CCR rules, safety, system reliability and resiliency, fuel, restoration following major storms, and capital expenditures, including constructing new electric

generating plants, extending the retirement dates of certain fossil fuel plants, and expanding and improving the transmission and distribution systems; continued customer growth; and the trends of an uncertain inflationary environment and reduced electricity usage per customer, especially in residential and commercial markets.

Earnings in the electricity business will also depend upon maintaining and growing sales and pricing of large customers such that incremental costs are met with adequate incremental revenues, considering, among other things, recent trends driving projected growth in electricity consumption including the increasing digitization of the economy and growth in data centers, an increase in industrial activity in the Georgia Power's electric service territory, and continued electrification of transportation. These projected growth opportunities could be offset by energy efficiency trends in each market.

Global and U.S. economic conditions continue to be affected by higher-than-expected inflation that arose from the COVID-19 pandemic and associated policy responses of governments and central banks. In response to elevated inflation levels, the U.S. Federal Reserve raised interest rates faster than any rate increase cycle in the last 40 years, which have helped to slow the rate of inflation and curtail economic activity. In 2024, the U.S. Federal Reserve began cutting policy rates as inflation began to approach the 2% target level. Uncertainty remains as to whether the rate reductions will continue in 2025 as potential fiscal policy changes could influence inflation levels, progress to the 2% target, and subsequent policy rate decisions. This uncertainty in economic growth, interest rates, tariffs, and inflation could impact customer demand for energy and the cost of doing business. The shifting economic policy variables and weakening of historic relationships among economic activity, prices, and employment have increased the uncertainty of future levels of economic activity, which will directly impact future energy demand and operating costs. Weakening economic activity increases the risk of slowing or declining energy sales.

- Rate Plans

In 2022, the Georgia PSC voted to approve the 2022 ARP, under which Georgia Power increased its rates on January 1, 2023. In November 2023 and on December 17, 2024, the Georgia PSC approved tariff adjustments effective January 1, 2024 and 2025, respectively. Details of tariff adjustments are provided in the following table:

Tariff	2023	2024	2025
		(in millions)	
Traditional base[a]	$ 194	$ 275	$ 194
ECCR	(21)	(99)	126
DSM	37	10	(22)
MFF	6	5	9
Total[b]	$ 216	$ 191	$ 306

(a)For 2025, net of $122 million related to the Georgia state tax rate reduction.
(b) Totals may not add due to rounding.

In the 2022 ARP, the Georgia PSC approved recovery through the ECCR tariff of estimated CCR ARO compliance costs for 2023, 2024, and 2025 over four-year periods beginning January 1 of each respective year, with recovery of construction contingency beginning in the year following actual expenditures, resulting in $20 million and $60 million reductions in the related amortization for 2023 and 2024, respectively, and an increase of $123 million in the related amortization for 2025. Compliance costs incurred were $300 million and $265 million in 2023 and 2024, respectively, and are expected to be $330 million in 2025. The CCR ARO costs are expected to be revised for actual expenditures and updated estimates through future annual compliance filings.

Further, under the 2022 ARP, Georgia Power's retail ROE is set at 10.50% and its equity ratio is set at 56%. Earnings will be evaluated against a retail ROE range of 9.50% to 11.90%. Any retail earnings above 11.90% will be shared, with 40% being applied to reduce regulatory assets, 40% directly refunded to customers, and the remaining 20% retained by Georgia Power. There will be no recovery of any earnings shortfall below 9.50% on an actual basis. However, if at any time during the term of the 2022 ARP, Georgia Power projects that its retail earnings will be below 9.50% for any calendar year, it may petition the Georgia PSC for implementation of the Interim Cost Recovery (ICR) tariff to adjust Georgia Power's retail rates to achieve a 9.50% ROE. The Georgia PSC would have 90 days to rule on Georgia Power's request. The ICR tariff would expire at the earlier of January 1, 2026 or the end of the calendar year in which the ICR tariff becomes effective. In lieu of requesting implementation of an ICR tariff, or if the Georgia PSC

chooses not to implement the ICR tariff, Georgia Power may file a full rate case. In 2023 and 2024, Georgia Power's retail ROE was within the allowed retail ROE range.

Georgia Power is required to file a general base rate case by July 1, 2025, in response to which the Georgia PSC would be expected to determine whether the 2022 ARP should be continued, modified, or discontinued.

- Integrated Resource Plans

2022 Integrated Resource Plan

In 2022, the Georgia PSC approved Georgia Power's 2022 IRP, as modified by a stipulation among Georgia Power, the staff of the Georgia PSC, and certain intervenors and as further modified by the Georgia PSC.

In the 2022 IRP decision, the Georgia PSC approved, among other things, the certification of six PPAs (including five affiliate PPAs with Southern Power that are subject to approval by the FERC) with capacities of 1,567 MWs beginning in 2024, 380 MWs beginning in 2025, and 228 MWs beginning in 2028, procured through request for proposals (RFPs) authorized in the 2019 IRP. On June 27, 2024, the FERC approved the five affiliate PPAs with Southern Power.

In the third quarter 2024, Georgia Power entered into an agreement for engineering, procurement, and construction of a 265-MW battery energy storage facility, which is projected to be placed in service in 2026, as authorized in the 2022 IRP. Georgia Power is required to file quarterly construction monitoring reports with the Georgia PSC through commercial operation. The ultimate outcome of this matter cannot be determined at this time.

As included in the 2022 IRP final order, Georgia Power initiated an RFP of up to 8,500 MWs of capacity from a variety of resources with expected CODs or delivery commencement dates between 2028 and 2030. The RFP included Georgia Power-owned proposals. In conjunction with those proposals, Georgia Power entered into agreements for engineering, procurement, and construction through January 2025. Winning participants are expected to be notified in June 2025, and the Georgia PSC is anticipated to render a decision related to the certification of the winning submissions in the fourth quarter 2025. Depending on the outcomes of the RFP and certification processes, Georgia Power could spend up to $14 billion, excluding AFUDC, on approved Georgia Power-owned proposals and related transmission investments through 2029. The ultimate outcome of this matter cannot be determined at this time.

2023 Integrated Resource Plan Update

On April 16, 2024, the Georgia PSC approved Georgia Power's updated IRP as modified by a stipulation among Georgia Power, the staff of the Georgia PSC, and certain intervenors (2023 IRP Update), which set forth a plan to support the recent increase in the state of Georgia's projected energy needs since the 2022 IRP. In the 2023 IRP Update decision, the Georgia PSC approved the following requests:

- Authority to develop, own, and operate up to 1,400 MWs from three simple cycle combustion turbines at Plant Yates with the recoverable costs not to exceed the certified amount, which was approved by the Georgia PSC on August 20, 2024. With this approval, the Georgia PSC recognized the potential for circumstances beyond Georgia Power's control that could cause the project costs to exceed the certified amount, in which case Georgia Power would provide documentation to the Georgia PSC to explain and justify potential recovery of additional reasonable and prudent costs. Georgia Power is required to file semi-annual construction monitoring reports with the Georgia PSC through commercial operation, the first of which was filed on February 14, 2025.

- Certification of an affiliate PPA with Mississippi Power for 750 MWs, which began January 1, 2024 and will continue through December 2028.

- Certification of a non-affiliate PPA for 230 MWs, which began May 1, 2024 and will continue through December 2028.

- Authority to develop, own, and operate up to 500 MWs of battery energy storage facilities, including storage systems co-located with existing Georgia Power-owned solar facilities with the recoverable costs not to exceed the certified amount, as approved by the Georgia PSC on December 3, 2024, as well as the issuance of an expedited RFP for an additional 500 MWs of battery energy storage facilities. Georgia Power is required to file quarterly construction monitoring reports for Georgia Power-owned resources with the Georgia PSC through commercial operation.

- Approval of transmission projects necessary to support the generation resources approved in the 2023 IRP Update.

The 2023 IRP Update assumed a retirement date at the end of 2035 for Plant Bowen Units 1 and 2 (1,400 MWs).

On January 12, 2024, Georgia Power entered into an agreement for engineering, procurement, and construction to construct three 442-MW simple cycle combustion turbine units at Plant Yates (Plant Yates Units 8, 9, and 10), which are expected to be placed in service in the fourth quarter 2026, the second quarter 2027, and the third quarter 2027, respectively.

In the third quarter 2024, Georgia Power entered into agreements for engineering, procurement, and construction of four battery energy storage facilities totaling 500 MWs, which are projected to be placed in service in 2026.

At December 31, 2024, Georgia Power had recorded approximately $760 million of combined capital costs, excluding AFUDC, for the 265-MW battery energy storage facility approved in the 2022 IRP, the 500 MWs of battery energy storage facilities approved in the 2023 IRP Update, and the 1,400 MWs from three simple cycle combustion turbines at Plant Yates approved in the 2023 IRP Update. The total certified amounts related to these projects are approximately $2.8 billion, excluding AFUDC.

The ultimate outcome of these matters cannot be determined at this time.

2025 Integrated Resource Plan

On January 31, 2025, Georgia Power filed its triennial IRP (2025 IRP). The filing includes a request to extend the operation of Plant Scherer Unit 3 (614 MWs based on 75% ownership) through at least December 31, 2035 and Plant Gaston Units 1 through 4 (500 MWs based on 50% ownership through SEGCO) through at least December 31, 2034. See Note 7 under "SEGCO" for additional information.

As in the 2023 IRP Update, Plant Bowen Units 1 and 2 are also assumed to operate through at least the end of 2035.

In addition, the 2025 IRP includes, among other things, requests for approval of the following:

- Pursuit of installation of environmental controls and natural gas co-firing at Plant Bowen Units 1 through 4 (3,160 MWs), Plant Scherer Units 1 and 2 (137 MWs based on 8.4% ownership), and Plant Scherer Unit 3 for compliance with both ELG supplemental rules and GHG rules.

- Upgrades to Plant McIntosh Units 10 and 11 (1,319 MWs) for a projected 194 MWs of incremental capacity by 2028 and Plant McIntosh Units 1 through 8 (640 MWs) for a projected 74 MWs of incremental capacity by 2033.

- Upgrades to Plant Hatch Units 1 and 2 (900 MWs based on 50.1% ownership) and Plant Vogtle Units 1 and 2 (1,060 MWs based on 45.7% ownership) for a projected 112 MWs of incremental capacity, some of which would be available as early as 2028.

- Investments related to the continued reliable hydro operations of nine facilities, as well as the authority to develop, own, and operate a projected incremental 16 MWs from Plant Goat Rock Units 3 through 6.

- RFPs for at least 1,100 MWs of utility scale and distributed generation renewable resources. Georgia Power is seeking to add up to 4,000 MWs of incremental renewable resources by 2035.

- Issuance of a capacity RFP to procure resources to meet capacity needs in 2032 and 2033.

- Strategic power delivery infrastructure plan necessary to help ensure adequate reliability and serve the projected future load growth expected in Georgia.

- Certification of approximately 187 MWs of wholesale capacity associated with Plant Scherer Unit 3 to be placed in retail rate base, some of which is projected to be available in 2026.

A decision from the Georgia PSC on the 2025 IRP is expected in July 2025. The ultimate outcome of these matters cannot be determined at this time.

- Transmission Asset Sale

On March 7, 2024, the FERC approved the sale of transmission line assets under the integrated transmission system agreement, with a net book value of $236 million. On April 24, 2024, the sale, with a purchase price of $351 million, was completed resulting in a pre-tax gain of approximately $114 million ($84 million after tax) recorded in the second quarter 2024.

- Fuel Cost Recovery

Georgia Power has established fuel cost recovery rates approved by the Georgia PSC. During 2022, Georgia Power's under recovered fuel balance increased significantly due to higher fuel and purchased power costs. In May 2023, the Georgia PSC approved a stipulation between Georgia Power and the staff of the Georgia PSC to increase annual fuel billings by 54%, or approximately $1.1 billion, effective June 1, 2023. The increase includes a three-year recovery period for $2.2 billion of Georgia Power's under recovered fuel balance at May 31, 2023. Under the approved stipulation, Georgia Power is allowed to adjust its fuel cost recovery rates under an interim fuel rider prior to the next fuel case, subject to a maximum 40% cumulative change, if its under or over recovered fuel balance accumulated since May 31, 2023 exceeds $200 million. Georgia Power is scheduled to file its next fuel case no later than February 28, 2026.

Georgia Power's under recovered fuel balance totaled $1.2 billion at December 31, 2024, of which $713 million is included in under recovered fuel clause revenues and under recovered retail fuel clause revenues on Southern Company's and Georgia Power's balance sheets, respectively, and $453 million is included in deferred under recovered retail fuel clause revenues on Southern Company's and Georgia Power's balance sheets. The under recovered fuel balance totaled $1.9 billion at December 31, 2023, of which $694 million is included in under recovered fuel clause revenues and under recovered retail fuel clause revenues on Southern Company's and Georgia Power's balance sheets, respectively, and $1.2 billion is included in deferred under recovered retail fuel clause revenues on Southern Company's and Georgia Power's balance sheets.

Georgia Power's fuel cost recovery mechanism includes costs associated with a natural gas hedging program, as revised and approved by the Georgia PSC, allowing the use of an array of derivative instruments within a 36-month time horizon.

Fuel cost recovery revenues as recorded on the financial statements are adjusted for differences in actual recoverable fuel costs and amounts billed in current regulated rates. Accordingly,

changes in the billing factor will not have a significant effect on Southern Company's or Georgia Power's revenues or net income but will affect operating cash flows.

- Storm Damage Recovery

Georgia Power defers and recovers certain costs related to damages from major storms as mandated by the Georgia PSC. During 2022, Georgia Power recovered $213 million annually under the 2019 ARP. Beginning January 1, 2023, Georgia Power is recovering $31 million annually under the 2022 ARP. At December 31, 2023, Georgia Power's regulatory asset balance related to storm damage was $54 million, of which $31 million is included in other regulatory assets, current and $23 million is included in other regulatory assets, deferred on Southern Company's and Georgia Power's balance sheets. During September 2024, Hurricane Helene caused significant damage to Georgia Power's transmission and distribution facilities. The incremental restoration costs related to this hurricane totaled approximately $870 million, of which approximately $750 million was deferred in the regulatory asset for storm damage, approximately $90 million was capitalized to property, plant, and equipment, and approximately $30 million was deferred to be billed in 2025 to open access transmission tariff customers. At December 31, 2024, Georgia Power's regulatory asset balance related to storm damage was $827 million, of which $31 million is included in other regulatory assets, current and $795 million is included in other regulatory assets, deferred on Southern Company's and Georgia Power's balance sheets. The rate of storm damage cost recovery is expected to be adjusted in future regulatory proceedings as necessary. As a result of this regulatory treatment, costs related to storms are not expected to have a material impact on Southern Company's or Georgia Power's net income but do impact the related operating cash flows.

- Nuclear Construction

In 2009, the Georgia PSC certified construction of Plant Vogtle Units 3 and 4, in which Georgia Power holds a 45.7% ownership interest. In 2012, the NRC issued the related combined construction and operating licenses, which allowed full construction of the two AP1000 nuclear units (with electric generating capacity of approximately 1,100 MWs each) and related facilities to begin.

In 2017, Georgia Power, acting for itself and as agent for the other Vogtle Owners, executed the Bechtel Agreement, under which Bechtel is reimbursed for actual costs plus a base fee and an at-risk fee, subject to adjustment based on Bechtel's performance against cost and schedule targets.

Each Vogtle Owner is severally (not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to Bechtel under the Bechtel Agreement.

Cost and Schedule

Georgia Power placed Unit 3 and Unit 4 in service on July 31, 2023 and April 29, 2024, respectively. During the second quarter 2024, following Unit 4's in-service date, Southern Nuclear evaluated the remaining expected site demobilization costs and other contractor obligations and reduced the remaining estimate to complete forecast by approximately $21 million, including the impact of joint owner cost-sharing described below. Accordingly, Georgia Power recorded a pre-tax credit to income of approximately $21 million ($16 million after tax), including the joint owner impacts described below, in the second quarter 2024 to recognize forecasted capital costs previously charged to income.

Georgia Power's net capital costs incurred through December 31, 2024 in connection with Plant Vogtle Units 3 and 4, and its approximate proportionate share of additional capital costs to be incurred after December 31, 2024, including completion of site demobilization and remaining contractor obligations, is as follows:

		(in millions)
Total project capital cost forecast[a][b]	$	10,732
Net investment at December 31, 2024[b]		(10,663)
Remaining estimate to complete	**$**	**69**

(a) Includes approximately $1.2 billion of costs that are not shared with the other Vogtle Owners. Excludes financing costs capitalized through AFUDC of approximately $440 million accrued through Unit 4's in-service date.

(b) Net of $1.7 billion received from Toshiba under the Guarantee Settlement Agreement and approximately $188 million in related customer refunds.

Georgia Power's financing costs for construction of Plant Vogtle Units 3 and 4 totaled approximately $3.53 billion, of which $3.08 billion had been recovered through Unit 4's in-service date.

Pursuant to the regulatory orders discussed below, any further changes to the capital cost forecast will not be recoverable through regulated rates and will be required to be charged or credited to income. Such charges or credits are not expected to be material.

Georgia Power previously reached agreements with MEAG Power, OPC, and Dalton to resolve its respective dispute with each regarding the cost-sharing and tender provisions of the joint ownership agreements, as amended (Vogtle Joint Ownership Agreements). Under the terms of

these agreements, among other items, Georgia Power will reimburse a portion of MEAG Power's, OPC's, and Dalton's costs of construction for Plant Vogtle Units 3 and 4 as such costs are incurred and with no further adjustment for force majeure costs, which payments (including amounts paid to date) will total approximately $91 million, $99 million, and $5.3 million for MEAG Power, OPC, and Dalton, respectively, based on the current project capital cost forecast. Georgia Power will also reimburse 20% of MEAG Power's costs of construction and 66% of each of OPC's and Dalton's costs of construction with respect to any amounts over the current project capital cost forecast, with no further adjustment for force majeure costs.

Georgia Power recorded pre-tax charges to income through 2023 of $567 million ($424 million after tax) and a pre-tax credit to income in the second quarter 2024 of $7.6 million ($5.7 million after tax) associated with the cost-sharing provisions of the Vogtle Joint Ownership Agreements, including the settlements with the other Vogtle Owners described above. These charges are included in the total project capital cost forecast and will not be recovered from retail customers.

The ultimate impact of these matters on the project capital cost forecast for Plant Vogtle Units 3 and 4 is not expected to be material.

Regulatory Matters

In 2009, the Georgia PSC voted to certify construction of Plant Vogtle Units 3 and 4 with a certified capital cost of $4.418 billion. In addition, in 2009 the Georgia PSC approved inclusion of the Plant Vogtle Units 3 and 4 related CWIP accounts in rate base, and the State of Georgia enacted the Georgia Nuclear Energy Financing Act, which allowed Georgia Power to recover financing costs for Plant Vogtle Units 3 and 4. Financing costs were recovered on all applicable certified costs through annual adjustments to the NCCR tariff up to the certified capital cost of $4.418 billion. Financing costs related to capital costs above $4.418 billion up to $7.562 billion approved for recovery as described below were recognized through AFUDC and are being recovered through retail rates over the life of Plant Vogtle Units 3 and 4; however, Georgia Power did not record AFUDC related to any capital costs in excess of $7.562 billion. In 2022, the Georgia PSC approved Georgia Power's filing to increase the NCCR tariff by $36 million annually, effective January 1, 2023. In November 2023, Georgia Power filed a request to continue for 2024 the NCCR tariff that was effective during 2023. The staff of the Georgia PSC accepted the proposal and no further approval from the Georgia PSC was required. See additional information below on AFUDC and the NCCR tariff following commercial operation of Unit 4.

In 2021, the Georgia PSC approved an order under which Georgia Power would include in rate base an allocation of $2.1 billion to Plant Vogtle Unit 3 and the Common Facilities from the $3.6 billion of Plant Vogtle Units 3 and 4 costs previously deemed prudent by the Georgia PSC and would recover the related depreciation through retail base rates effective the month after Unit 3 is placed in service. In compliance with the Georgia PSC order, Georgia Power increased annual retail base rates by $318 million effective August 1, 2023 based on the in-service date of July 31, 2023 for Unit 3. The related increase in annual retail base rates included recovery of all projected operations and maintenance expenses for Unit 3 and the Common Facilities and other related costs of operation, partially offset by the related PTCs. Financing costs (debt and equity) on the remaining portion of the total Unit 3 and the Common Facilities construction costs continued to be recovered through the NCCR tariff or deferred. Georgia Power deferred as a regulatory asset the debt component of financing costs as well as the remaining depreciation until Unit 4 costs were placed in retail base rates as described below. The regulatory assets for the debt component of financing costs and depreciation are being recovered over 10 years beginning May 2024, as approved by the Georgia PSC, with a remaining balance of $23 million and $29 million, respectively, at December 31, 2024. The equity component of financing costs ($39 million at December 31, 2024) represents an unrecognized ratemaking amount that is not reflected on Georgia Power's balance sheets. This amount will be recognized in Georgia Power's income statements in the periods it is billable to customers.

In December 2023, the Georgia PSC approved Georgia Power's application to adjust rates to include reasonable and prudent Plant Vogtle Units 3 and 4 costs as modified by the related stipulation (Prudency Stipulation) among Georgia Power, the staff of the Georgia PSC, and certain intervenors.

Under the terms of the approved Prudency Stipulation, Georgia Power will recover $7.562 billion in total construction and capital costs and associated retail rate base items of $1.02 billion, which includes AFUDC financing costs above $4.418 billion (the Georgia PSC-certified amount) up to $7.562 billion. Georgia Power will also recover projected operations and maintenance expenses, depreciation, nuclear decommissioning accruals, and property taxes, net of projected PTCs. After considering construction and capital costs already in retail base rates of $2.1 billion and $362 million of associated retail rate base items for Unit 3 and Common Facilities (approved by the Georgia PSC in 2021), Georgia Power included in retail rate base the remaining $5.462 billion of construction and capital costs as well as $647 million of associated retail rate base items effective with the April 29, 2024 in-service date for Unit 4. Annual retail base revenues increased approximately $730 million and the average retail base rates were

adjusted by approximately 5% (net of the elimination of the NCCR tariff described below) effective May 1, 2024.

Reductions to the ROE used to calculate the NCCR tariff (pursuant to prior Georgia PSC orders) negatively impacted earnings by approximately $80 million through the second quarter 2024 and $310 million and $300 million in 2023 and 2022, respectively. Further, as included in the approved Prudency Stipulation, since commercial operation for Unit 4 was not achieved by March 31, 2024, Georgia Power's ROE used to determine the NCCR tariff and calculate AFUDC was reduced to zero effective April 1, 2024, which resulted in a negative impact to earnings of approximately $10 million (for one month) in the second quarter 2024 based on the April 29, 2024 in-service date. Effective May 1, 2024, following commercial operation of Unit 4, Georgia Power's NCCR tariff was eliminated and financing costs are included in Georgia Power's general retail revenue requirements. Financing costs of $10 million that were not recovered through the NCCR tariff will be addressed in Georgia Power's next retail base rate case proceeding.
As of each Unit's respective first refueling outage, if the respective Unit's performance has materially deviated from expected performance, the Georgia PSC may order Georgia Power to credit customers for operations and maintenance expenses or disallow costs associated with the repair or replacement of any system, structure, or component found to have caused the material deviation in performance if proven to be the result of imprudent engineering, construction, procurement, testing, or start-up. Unit 3 demonstrated high performance and reliability during the first 14 months of operation leading up to its first refueling outage, which took place in the fall of 2024 and no performance-related disallowance is expected. Unit 4 has also demonstrated high performance and reliability since being placed in service and its first refueling outage is projected to begin in the fall of 2025. The ultimate outcome of these matters cannot be determined at this time.

The approval of the Prudency Stipulation resolved all issues for determination by the Georgia PSC regarding the reasonableness, prudence, and cost recovery for the remaining Plant Vogtle Units 3 and 4 construction and capital costs not already in retail base rates.

As a result of the Georgia PSC's approval of the Prudency Stipulation, Georgia Power recorded a pre-tax credit to income of approximately $228 million ($170 million after tax) in the fourth quarter 2023 to recognize CWIP costs previously charged to income, which are now recoverable through retail rates. Associated AFUDC on these costs, which totaled approximately $14 million, was also recognized.

- Environmental Matters

Georgia Power's operations are regulated by state and federal environmental agencies through a variety of laws and regulations governing air, water, land, avian and other wildlife and habitat protection, and other natural resources. Georgia Power maintains comprehensive environmental compliance and GHG strategies to assess both current and upcoming requirements and compliance costs associated with these environmental laws and regulations. New or revised environmental laws and regulations could further affect many areas of operations for Georgia Power. The costs required to comply with environmental laws and regulations and to achieve stated goals, including capital expenditures, operations and maintenance costs, and costs reflected in ARO liabilities, may impact future electric generating unit retirement and replacement decisions (which are generally subject to approval from Georgia Power's PSC), results of operations, cash flows, and/or financial condition. Related costs may result from the installation of additional environmental controls, closure and monitoring of CCR facilities, unit retirements and replacements, or changing fuel sources for certain existing units, as well as related upgrades to Georgia Power's transmission and distribution systems. A major portion of these costs is expected to be recovered through retail and wholesale rates, including existing ratemaking and billing provisions. The ultimate impact of environmental laws and regulations and the GHG goals discussed herein cannot be determined at this time and will depend on various factors, such as state adoption and implementation of requirements, the availability and cost of any deployed technology, fuel prices, the outcome of pending and/or future legal challenges and regulatory matters, and the ability to continue recovering the related costs, through rates for Georgia Power. Georgia Power's base rates include an ECCR tariff that allows for the recovery of environmental compliance costs.

Cash Flow, Capital Requirements

Net cash provided from operating activities totaled $4.8 billion in 2024, an increase of $2.0 billion from 2023, primarily due to the timing of vendor payments, increased fuel cost recovery, and fossil fuel stock purchases, partially offset by storm restoration costs and the timing of customer receivable collections.

The construction program is currently estimated to total $20.9 billion for 2025 through 2027. These capital expenditures include estimates to comply with environmental laws and regulations, but do not include any potential compliance costs associated with regulation of GHG emissions. Georgia Power also anticipates costs associated with closure and monitoring of surface

impoundments and landfills in accordance with the CCR Rule and related state rule. These costs are currently estimated to be $991 million for 2025 through 2027.

The construction programs are subject to periodic review and revision, and actual construction costs may vary from these estimates because of numerous factors. These factors include: changes in business conditions; changes in load projections; changes in environmental laws and regulations; the outcome of any legal challenges to environmental rules; changes in electric generating plants, including unit retirements and replacements and adding or changing fuel sources at existing electric generating units, to meet regulatory requirements; changes in FERC rules and regulations; state regulatory agency approvals; changes in the expected environmental compliance program; changes in legislation, regulation, and/or tariff policy; the cost, availability, and efficiency of construction labor, equipment, and materials; project scope and design changes; abnormal weather; delays in construction due to judicial or regulatory action; storm impacts; and the cost of capital. In addition, there can be no assurance that costs related to capital expenditures and AROs will be fully recovered.

Georgia Power plans to obtain the funds required for construction and other purposes from sources similar to those used in the past, which were primarily from operating cash flows, external securities issuances, borrowings from financial institutions, and equity contributions from Southern Company.

Georgia Power's senior unsecured long-term debt is rated A/A3/A and access to external sources of capital is expected to be available. In addition, Georgia Power has credit arrangements with banks totaling $2.05 billion, of which $2.03 billion is unused. A portion of the $2.03 billion unused credit with banks is allocated to provide liquidity support for Georgia Power's pollution control revenue bonds and commercial paper borrowings.

Yours very truly,

Adam D. Houston

cc: Mrs. Kimberly S. Greene
Mr. Aaron P. Abramovitz