BEFORE THE

GEORGIA PUBLIC SERVICE COMMISSION

IN RE:

GEORGIA POWER COMPANY'S 2022 RATE CASE	**DOCKET NO. 44280**

DIRECT TESTIMONY AND EXHIBITS

TOM BOND AND STEVEN ROETGER

ON BEHALF OF THE GEORGIA PUBLIC SERVICE COMMISSION STAFF

May 30, 2025

PUBLIC DISCLOSURE

I. QUALIFICATIONS AND SUMMARY

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

A. My name is Tom Bond. I am the Director of Utilities at the Georgia Public Service Commission ("Commission"). My business address is 244 Washington St., S.W., Atlanta, Georgia 30334-5701.

My name is Steven D. Roetger. I am an analyst for the Commission in the Electric Unit. My business address is 244 Washington Street, S.W., Atlanta, Georgia, 30334-5701.

Q. MR. BOND, PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Arts in International Relations from Brown University and a Juris Doctor from the Walter F. George School of Law, Mercer University. I am an attorney and have been a member of the State Bar of Georgia since 1990.

I have been involved in business regulation and regulatory law for thirty-five years and utility regulation in particular for thirty years. From 1990 to 1997, I was an Assistant Attorney General with the Georgia Department of Law. In that capacity, I represented the Commission in administrative proceedings and in state and federal court proceedings involving telecommunications, natural gas, electricity, and transportation. I also provided advice and other legal assistance to the Commission on utility matters and represented other state agencies, primarily ones involving business regulation, in administrative and court proceedings.

In 1997 and 1998, I was employed as a Senior Attorney at MCI Telecommunications, Inc. I represented MCI in administrative proceedings and other regulatory matters involving telecommunications before the Florida Public Service Commission.

In 1998, I was appointed as a Special Attorney General and again represented the Commission in administrative proceedings and in state and federal court proceedings involving telecommunications, natural gas, and electricity.

On January 1, 2001, I became the Director of Utilities at the Commission. Pursuant to O.C.G.A § 46-2-7.1, the duties of this position include directing the activities of the Utilities Division, which includes five units: Telecommunications, Natural Gas, Electric, Energy Efficiency and Renewable Energy, and Facilities Protection. The Commission also has a Director of Utility Finance and an in-house legal staff consisting of four attorneys and a paralegal who report to me. My statutory duties also include managing and coordinating the Commission's preparation of rate cases, scheduling and coordinating all in-house, reactive, regular, and engineering audits, directing all Division personnel and the preparation of that section of the Commission's budget, and performing such other duties as assigned by the Commission.

In one capacity or another, I have worked on every Georgia Power Accounting Order and rate proceeding since the 1995 Order. I have also worked on numerous other rate proceedings for electric, natural gas, and telecommunications companies.

Q. MR. BOND HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. I have filed testimony in the following prior Commission proceedings: DOCKET NO. 39971: Joint Request of Atlanta Gas Light Company, AGL Resources Inc., and The Southern Company for a Finding that Southern Company's Merger with AGL Resources Complies with Applicable Law, and DOCKET NO. 9574: SouthStar Energy Services LLC d/b/a Georgia Natural Gas Application for a Natural Gas Marketer Certificate of Authority; and DOCKET NO. 26837: SCANA ENERGY MARKETING Respondent, Allegation of Violation(s) of the Natural Gas Competition and Deregulation Act and Natural Gas Consumers' Relief Act. My experience is further detailed in Exhibit 1.

Q. MR. ROETGER, PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I hold a Bachelor of Business Administration degree from Georgia State University. I have been employed by the Georgia Public Service Commission since September of 2008, primarily in the capacity as the Staff team leader for monitoring the Plant Vogtle Unit 3 and 4 Project under DOCKET NO. 29849. Also, I was a member of the Public Interest Advocacy Staff team for the Plant Vogtle Unit 3 and 4 Certification (Docket 27800), and a Commission Advisory Staff team member for various other proceedings. Currently I am engaged in Yates' Combustion Turbine Units 8, 9, & 10 engineering, procurement, construction, and testing monitoring under DOCKET NO. 55931 and the Coal Combustion Residual Asset Retirement Obligation ("CCR-ARO") under DOCKET NO. 43083. Prior to joining the Commission, I held various positions in either an accounting or finance capacity for firms in different industries. My resume is included in Exhibit 2.

Q. MR. ROETGER HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes. I testified under DOCKET NO. 29849 in the Vogtle Construction Monitoring ("VCM") proceedings beginning with the 8th through the 28th VCMs, the Supplemental Information Report proceeding, and in support of the Stipulation between the Public Interest Advocacy Staff ("Staff") and the Company which resolved all prudency and reasonableness issues related to Vogtle Units 3 and 4. In addition, I testified under DOCKET NO. 43838, Georgia Power Company's Application to Adjust Rates to Include Certain Plant Vogtle Unit 3 and Common Costs, and in DOCKET NO. 55378 Georgia Power Company's 2023 Integrated Resource Plan Update, Application for Certification of Plant Yates Units 8-10.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. We are testifying on behalf of the Georgia Public Service Commission's Staff.

II. BACKGROUND AND PURPOSE

Q. WHAT IS THE 2022 RATE CASE SETTLEMENT AGREEMENT?

A. On December 30, 2022, the Commission issued the 2022 Rate Case Order in Docket No. 44280, which approved a Settlement Agreement between Georgia Power, PIA Staff, and several Intervenors providing for an Alternate Rate Plan ("ARP 2022 Rate Case Settlement Agreement"). Under the 2022 Rate Case Order, the ARP commenced on January 1, 2023, and continues through December 31, 2025. The 2022 Rate Case Order requires the Company to file its next base rate case by July 1, 2025.

Q. LEADING UP TO THE FILING OF THE COMPANY'S 2025 RATE CASE, HAS STAFF BEEN CONCERNED THAT RATES COULD INCREASE FOR RATEPAYERS, INCLUDING RESIDENTIAL AND SMALL BUSINESS CUSTOMERS, AS A RESULT OF A FULLY CONTESTED RATE CASE HEARING?

A. Yes. For example, in Dockets 56002 and 56003, PIA Staff addressed this issue on pages 19 through 23 of the pre-filed testimony of Ralph C. Smith and Jason R. Forsythe. The panel stated at page 19:

> Staff's current expectation is that Georgia Power's upcoming rate case will not be proposing a base rate decrease to become effective on January 1, 2026. While not a complete revenue requirement, the "2025 IRP Financial Summary" appears to show varying levels of upward pressure on the Company's base rates under each scenario.

Indeed, the panel acknowledged on page 20 that there was a concern that the requests being made in the Company's 2025 IRP could contribute to higher rates for customers in the 2025 rate case.

Q. HAVE STAFF AND THE COMPANY REACHED A PROPOSED STIPULATION REGARDING THE COMPANY'S UPCOMING RATE CASE FILING?

A. Yes. On May 19, 2025, Staff and Georgia Power jointly filed a proposed stipulation to extend the ARP approved by the Commission's December 30, 2022, Order (the "2022 Rate Case Order") for three additional years. See Exhibit 1 of the Joint Petition of Georgia Power

Company and the Public Interest Advocacy Staff for Approval of the Stipulation to Extend Alternate Rate Plan. Base rates would be frozen at their current level for the duration of the extension, with the exception of under-recovered storm costs, primarily related to Hurricane Helene, considered in a separate proceeding to be filed in 2026.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is to provide a summary and Staff's support of the proposed stipulation to extend the ARP. The overarching purpose of the Stipulation is to provide ratepayers with stable base rates for the next three years. Ratepayers have endured a number of rate increases over the last several years, and cumulatively they have materially increased the Company's rates across the board. With this Stipulation, the Commission has an opportunity to provide customers with a respite from potential further rate increases.

Q. DO OTHER CONDITIONS EXIST THAT JUSTIFY THE USE OF A STIPULATION TO VASTLY LIMIT ANY POTENTIAL RATE INCREASES THAT COULD RESULT FROM A RATE CASE?

A. Yes. First, it is common knowledge that a level of economic unease exists not only in the United States, but globally. If the United States realizes an economic downturn the value to ratepayers of this stipulation becomes immeasurable. By forestalling any potential rate increases, Georgia Power customers can be confident that their electric service costs will not increase absent an increase in usage. Second, the State of Georgia, and most States, are experiencing a potential for unprecedented economic growth for electric services because of forecasted large load data centers. This Stipulation provides all stakeholders an opportunity to evaluate any actual, realized growth from these data centers as opposed to attempting to forecast the consequences. Due to the Stipulation, the base rate case that will be filed in July of 2028, will be much more grounded in substance than forecasts, which allows for more confident decision making for the future.

For the reasons stated above we urge the Commission to adopt the Stipulation in its entirety.

III. THE STIPULATED AGREEMENT

Q. PLEASE DESCRIBE AND EXPLAIN THE TERMS OF THE STIPULATED AGREEMENT.

A. The Stipulation provides that base rates will be stable through December 31, 2028. It would allow the Company to request recovery of under-recovered storm costs to be considered in a separate proceeding to be filed in 2026. In that proceeding, the Company would be required to demonstrate that requested costs are reasonable and prudent.

In order to achieve the rate stability, the Stipulation allows for certain accounting and expense adjustments, such as the use and normalization of various tax credits. Some of these adjustments cannot be utilized if the Company earns above its set-point Return On Equity ("ROE") of 10.5%. The Stipulation provides for the continuation of activities and programs approved in the current ARP. The Stipulation also allows the Company to request pre-construction costs in a future proceeding; however, it preserves Staff's right to challenge any such request. The Stipulation requires that the Company file a Cost-of-Service Study as a part of its next base rate case, and requires that the Company include additional Cost-of-Service data relating to the new capacity for large load customers at issue in the 2023 Amended Integrated Resource Planning ("IRP") case and the 2025 IRP case.

Q. WHAT DOES THE STIPULATION PROVIDE REGARDING THE BASE RATE STABILITY?

A. The Stipulation to Extend the ARP provides that base rates will not be adjusted for the next three years (2026, 2027, and 2028), ensuring that rates are stable and predictable for customers. By virtue of continuing base rates as set in the 2025 compliance filing, the Company will continue the amortization of regulatory assets and liabilities previously approved by the Commission.

Q. WHAT DOES THE STIPULATION PROVIDE REGARDING STORM DAMAGE COSTS?

A. The Stipulation would allow the Company to request recovery of under-recovered storm damage costs in a separate proceeding to be filed in 2026. Over the last few years, the Company has accrued storm damage costs from recent major storms, including Hurricane Helene, that are more than the amount embedded in rates. Because storm damage costs are trued-up over time, the Company would have had the opportunity to seek recovery of these under recovered costs in the 2025 rate case. Currently, the amount the Company has accrued as an under recovery is in excess of $800m.

Q. IN THE STORM DAMAGE COST PROCEEDING, WILL THE COMPANY AUTOMATICALLY GET RECOVERY OF ALL OF THE COSTS IT HAS ACCRUED?

A. No. The Company is only allowed to recover costs that are reasonable and prudent. The Company will be required to file testimony and documentation to support its request and the Commission will have a hearing on the request. On April 1, 2025, the Commission approved initiation of an outside audit of the Company's storm damage reserve account. The results of that audit will be part of Staff's case in the storm damage proceeding. After the hearing, the Commission will only allow recovery of costs that the Company demonstrates were reasonable and prudent.

Q. WILL THE STORM DAMAGE COST PROCEEDING BE HELD AT APPROXIMATELY THE SAME TIME AS THE NEXT SCHEDULED FUEL COST RECOVERY CASE?

A. Yes. Both will be filed in the first half of 2026; and the near concurrent timing is intentional. While there are no guarantees, hopefully a decline in fuel rates will be able to offset at least some of the storm damage costs that the Commission may approve for recovery.

Q. EVEN ALLOWING FOR RECOVERY OF REASONABLE AND PRUDENT STORM DAMAGE COSTS, DOES THE COMPANY FORECAST THAT ITS EARNINGS WOULD BE BELOW THE ROE SET POINT APPROVED IN THE 2022 RATE CASE IF BASE RATES ARE STABILIZED AT CURRENT LEVELS?

A. Yes. Stabilizing base rates, even with allowing recovery of under recovered storm damage costs, the Company forecasts that its ROE would be substantially below the set point ROE of 10.5% in each of the 3 years of the proposed extension period. The pro forma retail revenue deficiency model the Company provided to Staff showed an aggregate deficiency amount of $2.588 billion over the 3-year extension period. While Staff would undoubtedly contest the Company's numbers, it still would put ratepayers at substantial risk of a general base rate increase if the Company were to file a request of this magnitude.

Q. HOW DOES THE STIPULATION UTILIZE ACCOUNTING AND EXPENSE ADJUSTMENTS TO KEEP RATES STABLE?

A. The accounting and expense adjustments offset only a portion of the Company's forecasted revenue deficiency. Not including the potential deferrals under Paragraph 7 of the Stipulation, which can only be used to the extent the earned ROE is below the set point ROE, the adjustments offset only $XXXX of the $2.588B, leaving a much larger forecasted aggregate revenue deficiency of $XXXXX over the 3-year period.

Q. HOW DOES THE STIPULATION ADDRESS INVESTMENT TAX CREDITS ("ITCs"), PRODUCTION TAX CREDITS ("PTCs"), AND OTHER TAXES?

A. The 2022 Rate Case Order provided for the deferral as regulatory liabilities for tax benefits related to the Inflation Reduction Act, the Infrastructure and Investment Jobs Act, and any additional state or federal regulations. The Stipulation to Extend the ARP provides for the utilization of ITCs and PTCs to keep base rates stable for the next three years, while also amortizing over a five-year period the tax benefits generated during the ARP Extension

Period. Therefore, the unamortized balance of these tax benefits will be available to reduce rates when the Company files its next base rate case. The value of ITCs and PTCs will depend upon several factors, including Internal Revenue Service determinations and in-service dates for ITC-eligible resources. To the extent the actual ITC values are below the threshold amounts agreed to and established in the Stipulation to Extend the ARP, that reduction in value falls entirely on the Company during the 3-year extension period. Any ITCs and PTCs above the threshold, along with 40% of PTCs below the threshold, shall be deferred as regulatory liabilities utilized to offset any regulatory assets resulting from this extension of the ARP. These tax credits will then be used to reduce regulatory assets associated with the storm damage cost and CCR-ARO. Thus, the Stipulation to Extend the ARP ensures that customers will benefit both now and in the future from these projected tax benefits. The Stipulation also provides that the Company will not defer the state tax reduction effective January 1, 2025. Any subsequent state or federal tax reductions will be deferred as regulatory liabilities to benefit customers in the future.

Q. HOW DOES THE STIPULATION UTILIZE EXPENSE ADJUSTMENTS TO KEEP BASE RATES STABLE?

A. The Stipulation to Extend the ARP includes adjustments to the depreciation expenses associated with Bowen Units 1-4 and Plant Scherer Units 1-3, as well as adjustments for the amortization of the remaining net book value of retired plants Wansley Units 1-2 and Plant Hammond Unit 4, which will be extended to 13 years. The Stipulation to Extend the ARP further provides for the continuation and recovery of Municipal Franchise Fees, Demand Side Management costs, and limited deferrals for potential uncollectibles above the amounts already in rates. The Stipulation to Extend the ARP also allows the Company to defer any incremental cost for distributed energy resource management systems, or "DERMs," that are approved as part of the 2025 Integrated Resource Plan proceeding.

Q. ARE ALL OF THE ACCOUNTING ADJUSTMENTS IN THE STIPULATION AUTOMATICALLY AVAILABLE TO THE COMPANY?

A. No. The potential adjustments in paragraph 7 of the Stipulation cannot be utilized to the extent the Company would earn above its set-point ROE of 10.5%. The Stipulation provides that the Company may utilize certain limited deferrals related to depreciation expense for resources that were previously approved by the Commission but are not currently in depreciation rates. But, it can only use them to the extent necessary to reach 10.5%. In any year the Company's ROE exceeds 10.5%, it cannot use these deferrals at all. Most of these deferrals relate to assets being built to serve the new large load customers. If they are deferred, the Commission will have the opportunity to allocate the costs appropriately in the next rate case.

Q. WHAT DOES THE STIPULATION PROVIDE REGARDING PRE-CONSTRUCTION ACTIVITIES?

A. The Stipulation to Extend the ARP provides that the Company will be able to request deferrals of certain preconstruction costs as part of the All-Source Certification proceeding or as part of another proceeding identified by the Company. Staff reserves the right to oppose any such request.

Q. WHAT DOES THE STIPULATION PROVIDE REGARDING COST OF SERVICE DATA?

A. The Stipulation requires the Company to file a Cost-of-Service Study as a part of its next base rate case, and requires that the Company include additional Cost-of-Service data with sufficient detail to show how the Company proposes to allocate the forecasted costs relating to the new capacity for large load customers at issue in the 2023 Amended IRP case and the 2025 IRP case. This provision will give the Commission data to assist it in ensuring that these large load customers are covering all of their costs.

Q. IS THIS STIPULATION A REASONABLE RESOLUTION?

A. Yes. After enduring numerous rate increases the last several years, stabilizing base rates has tremendous value for ratepayers. Achieving this base rate stability did come with some concessions, such as allowing a standalone proceeding on storm damage under recovery, and allowing certain accounting and expense adjustments. But, the Company made concessions as well, reducing their earnings potential far below what could be their litigation position if the rate case were held.

Q. HAS THE COMMISSION PREVIOUSLY ORDERED THAT EXISTING CUSTOMERS BE PROTECTED FROM THE RISK OF BEARING ANY OF THE COSTS OF ADDING NEW LARGE LOAD CUSTOMERS?

A. Yes. In its January 28, 2025 Order Approving Revisions to Georgia Power Company's

Rules and Regulations in Docket 44280, the Commission approved modifications to the Company's Rules and Regulations regarding minimum billing requirements and longer contract term lengths for new customers using over 100 MW of load. The Commission also ordered that "(t)he Company shall exercise the discretion under the Rules and Regulations changes in a manner designed to protect existing customers from bearing any of the costs of adding these large customers." The Commission also stated that it "shall continue to review the issue and may … take other actions necessary to protect the Company's customers." The Commission reiterated its commitment in its April 17, 2025 Order on Georgia Power Company's Revision to Rules and Regulations Tariff Compliance Filing in the same Docket.

Q. DOES THIS STIPULATION CONTINUE TO PROTECT EXISTING CUSTOMERS FROM THE RISK OF BEARING ANY OF THE COSTS OF ADDING NEW LARGE LOAD CUSTOMERS?

A. Yes. First, base rates will be stable for three years. By definition, new data center and other large customer costs will obviously not be causing the rates of existing customers to increase during the extension period. For the next three years, it is stockholders, not existing ratepayers, that bear that risk (via lower earnings) if data centers are not covering their costs.

If the stabilization prevents Georgia Power from earning above a 10.5% ROE (the set point ROE used to set rates in 2022), then the costs the Company is allowed to defer under Paragraph 7 of the Stipulation are the new construction costs being built to serve those new large load customers. Deferring those costs would then allow them to be allocated to data centers in the next rate case.

Second, when the Company files its 2028 rate case, "the Company shall include additional Cost-of-Service data with sufficient detail to show how the Company proposes to allocate the forecasted costs relating to the new capacity for large load customers at issue in the 2023 Amended Integrated Resource Planning ("IRP") case and the 2025 IRP case, as well as the forecasted revenues from the prospective new large load customers at issue in those cases, to the various customer rate groups." Para 15. This data will give the Commission tools in the next rate case to assist in designing rates to continue to ensure that existing customers are protected from bearing any of the costs of adding these large customers.

IV. CONCLUSION

Q. DO YOU RECOMMEND THAT THE COMMISSION APPROVE THE SETTLEMENT AGREEMENT?

A. Yes. The settlement agreement will provide much needed relief to customers.

If the Commission elects to not approve this stipulation, PIA Staff is prepared to litigate the 2025 base rate case and it is certainly possible that Staff's litigation position might also recommend no rate increases. But, a litigation position is just that. It is not a decision. The Company would have a litigation position as well. If it is consistent with their initial projections, it would recommend that customers pay $2.588 billion more over the next 3 years. There is a very real risk that such a case could result in higher rates for customers.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.