STATE OF GEORGIA

BEFORE THE

GEORGIA PUBLIC SERVICE COMMISSION

In Re:

Georgia Power Company's	**)**	**Docket No. 44280**
Storm Damage Recovery Application	**)**	

REBUTTAL TESTIMONY OF

CLEVE L. FANN, JOSH J. STALLINGS, AND MATTHEW S. BERRIGAN

APRIL 30, 2026

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ON BEHALF OF GEORGIA POWER COMPANY

GEORGIA PUBLIC SERVICE COMMISSION DOCKET NO. 44280

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. Cleve L. Fann. I am the Senior Vice President, Region External Affairs for Georgia Power Company ("Georgia Power" or the "Company"). My business address is 241 Ralph McGill Boulevard N.E., Atlanta, Georgia 30308.

A. Josh J. Stallings. I am the Vice President of Distribution Strategy and Support for Georgia Power. My business address is 241 Ralph McGill Boulevard N.E., Atlanta, Georgia 30308.

A. Matthew S. Berrigan. I am the Assistant Comptroller for Georgia Power. My business address is 241 Ralph McGill Boulevard N.E., Atlanta, Georgia 30308.

Q. DID THIS PANEL PREVIOUSLY PRESENT DIRECT TESTIMONY AND EXHIBITS ON BEHALF OF GEORGIA POWER IN THIS PROCEEDING?

A. Yes.

Q. HAVE THERE BEEN ANY CORRECTIONS TO THE DIRECT TESTIMONY OR MINIMUM FILING REQUIREMENTS ("MFRs") INITIALLY FILED BY THE COMPANY?

A. Yes. On April 21, 2026, the Company filed an errata outlining changes and updates made to the Company's originally filed exhibits (the "Errata"). These updates reflect revised estimated available tax credits and correct certain calculation errors discovered since the Company filed this Application. The list below identifies the

updates and corrections and describes the respective revenue requirement impacts associated with each change.

- Correction of the labor estimate for Hurricane Helene capital transfers to remove labor adders for contractor costs (follow up to STF-SCR-1-17) – ($2.6 million).

- Correction of the labor estimate for Hurricane Helene capital transfers to reflect actual costs incurred – ($1.8 million).

- Update of IRC 45U production tax credits ("PTC") estimate for 2025 – $1.9 million.

- Correction of the storm revenue requirement included in current rates (STF-SCR-2-6) – $0.3 million.

- Correction of capital costs transferred for Other Storms on Line No. 14, Column No. 6 in tab 'MFR 3 Other' from $36,856 thousand to $49,013 thousand (STF-SCR-6-1) - $0.

- Correction to the number of broken poles due to Hurricane Helene on Page 4, Line 27 of this panel's Direct testimony from 12,239 to 12,329 - $0.

Exhibits ___ (CLF-JJS-MSB) Pages 1–5_Errata, which were filed as part of the Company's Errata, include the updated revenue requirement, including impacts to the Company's proposed revenue increase. The total impact of the adjustments reduces the Company's originally filed forecasted test period revenue deficiency by $2.3 million to $267.4 million.

Q. WHAT IS THE PURPOSE OF THE PANEL'S REBUTTAL TESTIMONY?

A. Our rebuttal testimony responds to testimony of the Georgia Public Service Commission ("Commission") Public Interest Advocacy Staff ("PIA Staff") and various intervenors filed in Docket No. 44280. Our testimony focuses on several

key issues without attempting to address every issue or recommendation raised in PIA Staff or intervenor testimony. However, the fact that the Company may not respond to a particular PIA Staff or Intervenor position should not be considered as acceptance of such position.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. We address and rebut the various recommendations made by PIA Staff and Intervenors regarding the Company's Application. First, PIA Staff contends that the Company failed to employ best practices in its storm planning and management response to Hurricane Helene, but the record in this case shows that this is demonstrably false. PIA Staff provided no empirical evidence to support this claim, and information provided by the Company in data requests shows that the utility industry actually recognized the Company for its use of best practices. We provide additional detail on the Company's storm response actions, which, together with the rebuttal testimony of utility and storm response expert Derek HasBrouck, demonstrates that the Company utilized best practices before, during, and after the occurrence of Hurricane Helene.

We respond to recommendations from PIA Staff and Intervenors to reduce or eliminate the Company's return on the storm cost regulatory asset. The Company should be granted a return because a denial would be fundamentally inconsistent with the purpose of this proceeding, which is to provide for the recovery of the full revenue requirement associated with storm costs that the Company prudently incurred to maintain safe and reliable service for customers. The PIA Staff and Intervenor proposals attempt to utilize different returns to address affordability concerns, but the Company has already considered and made numerous adjustments in this filing to balance the reduction of rate impacts for customers with the timely recovery of storm costs.

We next respond to PIA Staff's disallowances related to allegations that the Company failed to capitalize certain labor and overtime costs. The Company

appropriately followed its capitalization guidelines, and to the extent any errors were made, they have been corrected in the Company's Errata. Further, PIA Staff's justification for its recommendations is arbitrary and lacks an in-depth consideration of relevant factors.

We respond to PIA Staff and Intervenors' various ratemaking proposals and submit that the Commission should approve the Company's request as proposed. Specifically, we address the following points:

- The Company's amortization period should be adopted because recommendations to extend the amortization period would result in customers paying for storm costs nearly a decade after they were incurred. Extending the amortization period also presents the risk of overlapping storm cost recoveries, which could result in upward pressure on rates.
- PIA Staff's levelization proposal is one-sided and considers only a reduction in the revenue requirement. However, fairness dictates that the benefit of PTCs should also be levelized, which would more than offset the impact of PIA Staff's recommendation and result in a rate increase for customers.
- The Company's accrual of future storm costs should be adopted to appropriately recover costs from customers and because it is consistent with Commission approvals and Company practice, and limiting the asset to a certain date would result in higher financing costs for customers.
- A separate storm cost recovery rider is unnecessary. Storm costs have always been recovered through traditional base rate tariffs, and the creation of an entirely new tariff would increase administrative burden and achieve the same results that are already prescribed in the Stipulation to Extend the Alternate Rate Plan ("ARP") (ARP Extension Stipulation).
- Nuclear PTCs should be included as a base rate component in this case, and an intervenor proposal to use the PTCs to offset fuel expense is not appropriate given that fuel expenses do not incur income tax obligations.

- The Company's storm threshold is appropriate and serves to ensure that customers pay the actual incremental costs associated with storms in a manner that mitigates rate impacts.

Finally, PIA Staff recommends that the Company make certain process improvements to its invoice verification and audit process, but notably, the Company was able to submit the information requested by PIA Staff within the context of this expedited proceeding, and PIA Staff made no disallowance with respect to this recommendation.

Q. HOW IS THE REMAINDER OF YOUR TESTIMONY STRUCTURED?

A. Our testimony is organized as follows:

- Section II (pages 6 to 12) discusses the Company's response to various storm response planning and management recommendations;
- Section III (pages 12 to 17) discusses the Company's response to various rate of return reductions or disallowances;
- Section IV (pages 17 to 24) discusses the Company's response to PIA Staff's proposed disallowances of O&M and capitalized costs;
- Section V (pages 25 to 31) discusses the Company's response to various ratemaking proposals;
- Section VI (pages 31 to 32) discusses the Company's response to PIA Staff's reporting recommendation; and
- Section VII (pages 32 to 33) concludes our testimony with a summary of the Company's request.

II. RESPONSE TO STORM RESPONSE PLANNING & MANAGEMENT RECOMMENDATIONS

Q. PLEASE SUMMARIZE PIA STAFF'S POSITION REGARDING THE COMPANY'S PLANNING AND MANAGEMENT RESPONSE FOR MAJOR STORMS.

A. In short, PIA Staff contends that the Company's storm planning and management response failed to employ best practices and resource management technology tools to plan or execute its storm response. According to PIA Staff, this "led to inefficiencies and likely excessive costs."[1]

Q. DID PIA STAFF SUPPORT THIS POSITION WITH ANALYSIS OR OTHER EVIDENCE?

A. No. PIA Staff provided no empirical evidence or analysis to support this claim, whether in the form of cost estimates, root cause analyses, or data-driven investigations. In other words, PIA Staff fails to identify any specific inefficiency or detail any particular cost overrun that demonstrates a failure to employ industry best practices.

Q. DOES THE COMPANY AGREE WITH PIA STAFF'S POSITION?

A. No. As explained further below, PIA Staff's testimony relies, in large part, on generalized criticisms of the Company's process and approach without specific supporting facts or data. The Company's primary focus in every storm has been and will always be to restore power to those affected customers in a safe and reliable manner as efficiently as possible. The record established in this proceeding clearly demonstrates that the Company's storm restoration processes reflect its adoption of numerous industry-defined best practices. For those with the privilege of restoring

[1] *Direct Testimony and Exhibits of Tom Newsome, PE, CFA, Lane Kollen, CPA, CMA, CGMA, and Randy A. Futral*, Docket No. 44280 (Apr. 17. 2026) (hereinafter "PIA Staff Panel Direct Testimony") at page 23, lines 17–18.

service after a devastating storm, helping customers get back on their feet cannot be reduced to a simplistic math equation or a mere cost-benefit analysis. The cost of losing electricity for an extended period of time for our customers can be life-altering and simply cannot be quantified. We are reminded of this in every storm we encounter and take this responsibility seriously. Navigating a constantly changing landscape, dynamic changes in resource availability, and the safety of the public and our teams all require careful and thoughtful consideration in a short period of time.

The rebuttal testimony of Derek HasBrouck, filed concurrently with our testimony, further demonstrates that the Company followed industry best practices. Mr. HasBrouck, a utility and storm response expert, has extensive experience reviewing and advising the operational complexities of storm response, while the PIA Staff panel's background is grounded in general accounting practices.

Q. PLEASE DISCUSS THE KEY ELEMENTS OF GPC'S STORM RESPONSE PLANNING PROCESS.

A. As described in the Company's Direct Testimony, Georgia Power follows a structured and comprehensive process to plan for, identify, and respond to major storm events. The Company developed this process using successful past practice and industry best practices.

The planning stages take place before a storm threatens the state. Key elements of the Company's storm planning include identification and training on storm roles for all Company personnel, developing blueprints and layouts for pre-determined staging sites, maintaining readiness for decentralized operations and transfer of control, benchmarking and managing storm materials inventory, and partnering

with the Georgia Department of Transportation ("GDOT") and other agencies to develop re-entry plans following evacuations.

The identification phase is also typically initiated well before a storm impacts our state, but as weather forecasts indicate a potential threat. As mentioned in our direct testimony, the Company monitors forecasts, utilizes technology to project potential outage impacts, and references historical data to secure personnel and equipment for storm response. In addition, the Company prepares sites to pre-position crews, equipment, and materials; prepares heavily impacted areas for decentralized operations; initiates communication plans; and coordinates with entities such as the Georgia Emergency Management and Homeland Security Agency ("GEMA") and other utilities.

Once conditions are safe following a major storm, the response phase begins with early damage assessment. Damage assessment teams perform visual inspections of grid infrastructure, capturing and relaying damage information to local leadership. Damage information is translated into work assignments for crews, estimated times of restoration for customers, and informs adjustments in resources for the area. In parallel with damage assessment, switching operations are undertaken to further isolate problems and restore additional customers before repairs are complete. Coordination with state agencies such as GEMA and GDOT continues along with other utilities. Line crews receive work assignments for repairs, and customers receive updated outage information as restoration progresses. In addition to customer communications, external stakeholders receive restoration updates throughout the event.

Q. DOES THE COMPANY LEVERAGE DATA AND TECHNOLOGY TOOLS TO SUPPORT AND EXECUTE ITS STORM RESPONSE?

A. Yes. The Company has always taken a data-driven approach to storm response. Beginning in the 2000s, the Company partnered with various public universities to develop early storm models, and with advances in computing power and data

management, these models are now bearing fruit through advanced software like the Storm Prediction, Estimated Restoration Times ("ERT"), and Reporting ("SPEAR") tool. Though the SPEAR tool was still in development when Helene touched ground, SPEAR's underlying core principles and methodological approach have been in place at the Company for decades. This approach has allowed Georgia Power to use informed decision-making in responding to customer outages. Tools and analytics like SPEAR complement and help guide storm restoration efforts and decisions. Importantly though, such tools cannot replace the decades of operational experience and learnings gained by Company personnel through our actual restoration efforts. The Company has leveraged the expertise of those that have the requisite on-the-ground experience with storm restoration efforts, and will continue to do so. The new tools will further inform restoration decisions going forward.

Q. DOES THE COMPANY'S STORM RESPONSE PLANNING PROCESS AND APPROACH ALIGN WITH BEST PRACTICES IDENTIFIED BY THE INDUSTRY?

A. Yes. Contrary to PIA Staff's arguments, the Company's storm response planning process reflects best practices such as developing scalable storm plans, effective pre-staging of resources, decentralizing operations, early and efficient damage assessment, and establishment and communication of estimated restoration times. Furthermore, the Company has been acknowledged across the industry for its Helene storm response planning and execution.

Q. HOW HAS THE UTILITY INDUSTRY RECOGNIZED THE COMPANY AS IMPLEMENTING BEST PRACTICES FOR STORM RESTORATION EFFORTS?

The utility industry has specifically highlighted Georgia Power's approach and execution in the aftermath of Hurricane Helene as an example of best practice implementation. For example, as the Company explained in response to PIA Staff

discovery questions,[2] a white paper published by the Association of Edison Illuminating Companies ("AEIC")—the longest serving association in the industry made up of 184 member companies—includes a compilation of industry best practices for storm response.[3] The AEIC specifically highlighted Georgia Power's Hurricane Helene response as a model case study for responding to a cataclysmic event.

Q. ARE THERE OTHER EXAMPLES DEMONSTRATING INDUSTRY RECOGNITION OF THE COMPANY'S STORM RESPONSE PLANNING AND EXECUTION?

A. Yes. The industry has also recognized the Company's Hurricane Helene operational performance. The Edison Electric Institute awarded Georgia Power with the 2024 Emergency Recovery Award. This award recognizes outstanding efforts to restore service promptly and efficiently during a crisis while employing innovative techniques and communicating with customers effectively. This acknowledgement further demonstrates the Company's commitment to adopting leading practices to respond effectively to storms.

Q. WHY DOES THIS RECOGNITION MATTER?

A. It demonstrates, contrary to PIA Staff's testimony, that the Company did in fact use best practices in developing, coordinating, and executing an outstanding storm response. Accordingly, any allegation of a perceived failure to implement best practices is unsupported by the record.

[2] *See* Company Response to STF-SCR-2-8, Docket No. 44280 (Mar. 17, 2026).
[3] *See* STF-SCR-2-8 Attachment.

Q. PLEASE RESPOND TO PIA STAFF'S RECOMMENDATION THAT THE COMMISSION REQUIRE THE COMPANY TO STUDY BEST PRACTICES AND FILE QUARTERLY STATUS REPORTS REGARDING THE IMPLEMENTATION OF BEST PRACTICES.

A. For the reasons described above, the Company disagrees with this recommendation. As explained above, the Company developed and continues to refine a plan that properly relies on best practices and operational experience, and that planning has been cited by the industry as an example of best practices implementation. In addition, the Company already monitors, informs, assesses, and incorporates industry best practices. Company staff, together with the AEIC and AEIC member utilities, developed a variety of storm management best practices that were informed, in part, by the Company's experience with storms. Those practices are compiled from the experiences of more than 180 companies, so they are an accurate representation of best storm management practices in the industry. In sum, the Commission need not set such requirements on the Company to study or implement industry practices when it already does so. Accordingly, PIA Staff's recommendation should be rejected.

Q. PLEASE RESPOND TO PIA STAFF'S RECOMMENDATION THAT THE COMMISSION IMPOSE POST-STORM EVENT EVALUATIONS AND REPORTING REQUIREMENTS.

A. The Commission should not adopt PIA Staff's evaluation and reporting requirements. After the conclusion of Hurricane Helene, the Company conducted a lessons learned assessment that identified eight areas for potential improvement. As noted in the testimony of Witness HasBrouck, this process of identifying specific areas for improvement exemplifies the implementation of an industry best practice, as it provides a way for Company employees to learn lessons from across the Company and trigger searches for new or refined approaches from other sources. Storms the size of Helene provide learning-rich environments to review

lessons learned and apply them for safer, more efficient restorations in the future. PIA Staff recommended that all storms be reviewed and reported on up to a year following the storm, up to four times. Since the Company averages nearly 30 storm events per year, this recommendation presents a burdensome process that would not reveal any appreciable benefit for the Company, the Commission, or the industry. Thus, PIA Staff's recommendation that the Commission impose post-storm event evaluations and report on those evaluations is unnecessary.

III. RESPONSE TO PROPOSED RATE OF RETURN REDUCTIONS AND DISALLOWANCES

Q. PLEASE PROVIDE AN OVERVIEW OF THE PIA STAFF, GIPL, AND GAM PROPOSALS REGARDING THE COMPANY'S RATE OF RETURN.

A. PIA Staff and GIPL collectively suggest that the Commission reject the Company's request for return on the storm cost regulatory asset at its grossed-up weighted average cost of capital ("WACC"). Specifically, the PIA Staff panel recommends that the Commission authorize a debt-only rate of return on the storm cost regulatory asset. GIPL witness Barnes recommends that, if the Commission approves an amortization recovery mechanism for under-recovered storm damage costs, then the Commission should eliminate the Company's return entirely. Alternatively, if the Commission were to opt for anything other than a full elimination of the Company's return, Witness Barnes suggests that the Commission set the return rate at the Company's cost of long-term debt. GAM witness Pollock testifies that using debt financing, including the potential possibility of securitization, would be a more appropriate alternative to address affordability.

Q. DOES THE COMPANY AGREE WITH THE PIA STAFF AND INTERVENORS' RATE OF RETURN PROPOSALS?

A. No. The Company does not agree with these proposals because they are fundamentally inconsistent with the purpose of this docket, which is to provide

recovery of the full revenue requirement associated with the extraordinary storm costs the Company incurred to maintain safe and reliable service for customers. A full revenue requirement necessarily includes both (1) timely recovery of prudently incurred storm restoration costs and (2) an appropriate return on the related regulatory asset at the Company's WACC, reflecting the actual mix of debt and equity used to finance those costs.

The Company does not project finance any of its retail rate base assets with specific equity issuances or debt obligations. Deferred storm costs, just like any other retail rate base item, are financed by the Company as a whole with debt and equity based on the capital structure currently approved by the Commission in the previous base rate case. Considering that, providing a debt-only return, or eliminating the return entirely, would not provide the appropriate revenues to cover for the financing costs that were appropriately incurred by the Company to pay for the storm costs used to restore service to the customers it is obligated to serve. This would unduly penalize the Company for performing its service to the best of its ability. As demonstrated by its actions during the storms—and as confirmed by the utility industry—the Company performed effectively, if not admirably, given the significant devastation and impacts caused by the storms, especially Hurricane Helene. Likewise, there is no finding of any imprudent actions recommended by the PIA Staff or any Intervenors. The Company should not be denied recovery of the cost of financing by having its authorized return on its storm restoration efforts reduced.

Accordingly, the Company continues to support recovery of the storm cost regulatory asset at its grossed-up WACC, consistent with the treatment of other regulatory assets and with the Commission's historic approach of allowing a fair opportunity to earn the authorized return on prudently incurred investments made to provide reliable service.

Q. HAS THE COMPANY PREVIOUSLY BEEN ALLOWED ITS FULL WACC ON ITS STORM RESERVE?

A. Yes. The Commission has allowed the Company a return based on its full cost of capital, including debt and equity, on the deferred storm balance regulatory asset or liability in prior base rate cases. Therefore, the "status quo" as suggested by PIA Staff would be to continue the precedent of applying the Company's WACC on the storm regulatory asset balance, as requested in this filing.

Q. HOW DO YOU RESPOND TO GIPL WITNESS BARNES' CHARACTERIZATION OF DEFERRED STORM COSTS AS O&M EXPENSES?

A. There is a fundamental difference between O&M expenses versus costs deferred to the regulatory asset balance, such as storm costs. Under typical utility ratemaking, O&M expenses are recovered immediately from customers as the Company incurs them. In that circumstance, there are no, or very limited, financing costs incurred by the Company since costs are recovered on a timely basis. On the other hand, if costs are no longer expensed as O&M and deferred to a regulatory asset, the Company incurs financing costs on the unrecovered balance. In that respect, for purposes of ratemaking, the deferred costs in a regulatory asset are no different from capitalized costs for a plant asset in terms of the financing costs that are incurred and the need to be recovered from customers.

However, a deferral cost mechanism benefits customers from both a timing and an accounting perspective. For timing, compared to an immediate recovery of O&M expenses, the recovery of a deferred regulatory asset can be extended for a much longer period of time, such as the four-year recovery period proposed by the Company in this filing. From an accounting perspective, a deferred regulatory asset ensures that customers only pay for actual costs of the storms incurred by the Company.

Q. WHAT DOES GAM WITNESS POLLOCK SUGGEST REGARDING DEBT FINANCING?

A. Witness Pollock testifies that using debt financing, including the potential possibility of securitization, would be a more appropriate alternative to address affordability.

Q. WHAT IS THE COMPANY'S RESPONSE TO WITNESS POLLOCK'S DEBT FINANCING PROPOSAL?

A. The Company does not agree that using debt financing is a more appropriate way to address affordability. The Company maintains that a balanced capital structure, including both debt and equity, is necessary to preserve strong credit quality and ensure access to capital on reasonable terms. The Company does not finance its deferred storm costs with 100% debt but rather with a combination of equity and debt using a capital structure previously approved by the Commission. The Company believes affordability should be managed through prudent ratemaking and regulatory mechanisms, not by materially increasing debt leverage. In this particular case, the Company's request takes into account affordability and leverages both PTCs and the reduction in fuel rates to ensure that customers' overall rates will be lower as a result of this request being approved. We will discuss this further below. Moreover, a disallowance of a key component of the Company's financing would adversely impact the utility and could place upward pressure on affordability.

Q. WHAT IS THE COMPANY'S RESPONSE TO WITNESS POLLOCK'S SECURITIZATION PROPOSAL?

A. Securitization is neither permissible under current Georgia law, nor does the Commission need this tool to ensure that costs are recovered appropriately. There are currently adequate tools within the existing statutory framework and the

Commission rules and regulations to address rate impacts for customers in this proceeding.

Q. HOW HAS THE COMPANY ADDRESSED AFFORDABILITY FOR CUSTOMERS IN THIS FILING?

A. The Company considered and made numerous adjustments in this filing to reduce rate impacts for customers. As mentioned in the Company's direct testimony, the Company voluntarily included a portion of the 45U PTCs for the benefit of customers as a reduction to the revenue requirement requested in this filing. To note, the ARP Extension Stipulation did not call for any PTCs to be applied to the storm revenue requirement in this proceeding.

In addition, as discussed in further detail below, the Company set the proposed amortization period of the prior under-recovered balance to four years. In a typical base rate case, the Company has traditionally filed for a three-year amortization period for its recovery of prior storm costs to align with the occurrence of the next expected base rate cycle. In this case, the Company also considered the option of an amortization period of two years and seven months to match the end of the ARP Extension period. While this would have aligned with previous practice by aligning with the next expected base rate case cycle, the Company understood that this would have caused greater affordability concerns for customers. Therefore, the Company's requested four-year amortization period balances affordability concerns with the timely recovery of its incurred storm costs.

Furthermore, the Company significantly adjusted the actual storm costs for Hurricane Helene in its historical ten-year average used to project future storm costs to mitigate the storm's impact on the storm accrual requested in this filing. This ensures that the request in this case, as well as future requests for recovery of storm costs, are not disproportionately influenced by the magnitude of Hurricane Helene. The combination of these adjustments, all of which were proactively undertaken by

the Company, have greatly reduced the rate adjustment proposed in this filing for the benefit of customers.

IV. RESPONSE TO PROPOSED DISALLOWANCES OF O&M AND CAPITALIZED COSTS

Q. PLEASE DESCRIBE PIA STAFF'S DISALLOWANCE REGARDING OVERTIME LABOR AND EXTERNAL CONTRACTORS RELATED TO REDEPLOYED RESOURCES.

A. PIA Staff recommends that the Commission disallow all overtime labor and all outside services contractor costs for resources that were redeployed to respond to storms from "business as normal" activities. PIA Staff contends that the costs associated with these activities are already recovered through base revenues and that the Company recovers the same costs again through the storm reserve. PIA Staff also alleges that the Company refused to provide information related to these costs, and in the absence of more detailed information, the panel recommends that 20% of the daily overtime labor and external contractor costs be disallowed from the storm cost regulatory asset. The effect of this recommendation is a $10.083 million of reclassification of O&M from the storm regulatory asset, which results in $3.173 million reduction in the requested base revenue increase.

Q. DOES THE NON-FUEL O&M BUDGET INCLUDED IN THE PRIOR BASE RATE CASES REFLECT ANY INCREMENTAL CONTRACTOR WORK OR OVERTIME RELATED TO STORMS CHARGED TO THE REGULATORY ASSET?

A. No. Any non-fuel O&M budget amounts included in the base rate cases reflect the work plans that need to be completed outside of storm events and are exclusive of the costs charged to the storm regulatory asset.

Q. WHAT IS THE COMPANY'S RESPONSE TO THIS DISALLOWANCE?

A. The Company agrees that it may redeploy contractors and internal work during major storms, to the extent it is an optimal use of those resources, in an effort to safely and efficiently restore service to affected customers. However, this does not mean the normal work plans of those resources that are suspended during the storms are eliminated completely. The same work that would otherwise be performed in their respective area does not disappear—rather, that work is simply delayed until after the storm passes and restoration is complete. To maintain these established workplans following a major storm event, additional contractors or additional internal overtime labor may be incurred by the Company to complete any deferred work still required to maintain normal business operations. Therefore, while there may be reduction of non-fuel O&M from the redeployment of contractor resources in the short term during the storms, in the aggregate, the non-fuel O&M expenses at issue do not decrease since the normal work plans cannot be eliminated.

Q. PLEASE RESPOND TO PIA STAFF'S ALLEGATION THAT THE COMPANY DID NOT PROVIDE REQUESTED INFORMATION REGARDING OVERTIME LABOR AND EXTERNAL CONTRACTOR COSTS.

A. PIA Staff alleges that the Company "refused to provide" information about the labor and external contractor costs related to resources that were redeployed to

storm response activities. However, the Company explained that its accounting and financial system does not track contractors by work type (*i.e.*, vegetation management, distribution line, damage assessment, etc.) as this is not an identified need for the business.

To produce the information in the requested format, the Company would have to extract data from a subledger system, manually cross-reference it with invoices from a separate system, and then verify the results—across not only Hurricane Helene, but all named and unnamed storms dating back to 2022. This would impose a significant administrative burden and could not be completed within the 20-day turnaround time that PIA Staff and the Company agreed upon at the outset of this process. Instead, the Company provided all the information that was readily available in existing formats and levels of detail. Despite PIA Staff's allegation that the Company "failed to provide copies of the vendor contracts" in many cases, the Company, in fact, provided a significant amount of information throughout the discovery process, including thousands of documents related to invoices, contracts, financial analysis, policies and procedures, as well as other requests, all during a 20-day turnaround. Accordingly, the claim that the Company "refused to provide" requested information is misplaced and should be considered in the appropriate context.

Q. PLEASE DESCRIBE PIA STAFF'S ALLEGATIONS REGARDING THE COMPANY'S CAPITALIZATION OF COSTS.

A. PIA Staff contends that the Company's capitalization amounts and percentages for named storms are unreasonably low. PIA Staff attributes this to what they refer to as "conceptual and calculation errors." The two primary allegations at issue are (1) the Company's capitalization policy contains a conceptual and calculation error that understates the internal labor cost included in the capital credit and (2) a conceptual and calculation error that understates the external contractor costs included in the costs credited to capital plant. Specifically, PIA Staff claims that the Company's

calculation of the capital plant transfers for internal labor costs incorrectly assumes straight time labor as part of the mix of labor costs. Additionally, PIA Staff alleges that the Company understated external contractor costs in the capital plant transfers because the Company excluded external line contractor costs, external vegetation contractor costs, and all staging costs.

Q. DOES THE COMPANY AGREE WITH PIA STAFF THAT IT MADE ERRORS IN APPLYING THE CAPITALIZATION POLICY TO THE STORM DAMAGE REGULATORY ASSET?

A. No. The Errata, described earlier in this Rebuttal Testimony, correct all errors that PIA Staff and the Company discovered.[4] Regarding the specific remaining PIA Staff arguments that the Company miscalculated the capital plant transfers for internal labor costs or external contractor costs, the Company disagrees.

Q. DOES THE COMPANY AGREE THAT ONLY INCREMENTAL COSTS SHOULD BE INCLUDED IN THE STORM DAMAGE REGULATORY ASSET?

A. Yes.

Q. DID THE COMPANY FOLLOW ITS CAPITALIZATION GUIDELINES WHEN DETERMINING THE CAPITAL COSTS TO EXCLUDE FROM THE REGULATORY ASSET SOUGHT FOR RECOVERY IN THIS CASE?

A. Yes. When a major storm declaration is issued, all incremental costs above the defined major storm threshold, as described in the Company's Storm Accounting Guidelines, are charged to the storm damage regulatory asset. As part of the storm capitalization process for distribution and transmission, and consistent with

[4] The Company's Errata addressed and resolved PIA Staff's first stated issue regarding a calculation error that understated labor cost included in capital cost credit. *See* PIA Staff Panel Direct Testimony, page 43, line 14 through page 46, line 10. Accordingly, we do not address that issue here.

established capitalization procedures, the Company determines the amount of capital plant costs and transfers those costs from the storm damage regulatory asset.

Q. WHY IS IT IMPORTANT THAT THE COMPANY COMPLY WITH ITS CAPITALIZATION POLICIES?

A. The Company's capitalization policy aligns with Generally Accepted Accounting Principles, as well as Federal Energy Regulatory Commission ("FERC") and Commission policies. Therefore, compliance with the Company's accounting policies ensures that the Company is compliant with these laws and regulations.

A. The Company correctly calculated the labor cost included in the capital cost credit.

Q. PLEASE EXPLAIN IN DETAIL HOW THE COMPANY CALCULATES CAPITAL PLANT TRANSFERS FOR DISTRIBUTION LABOR INCURRED DURING STORMS.

A. As part of the storm capitalization process for distribution, and in accordance with the Company's established capitalization policy, capital estimates for storm-related assets are based on actual materials installed and labor estimates required to install those materials. Total labor costs are initially recorded to base and storm reserve accounts rather than directly to capital accounts, and labor capitalization is subsequently recorded through journal entries based on labor estimates.

These labor estimates used for capitalization are derived from the Job Estimating and Tracking System ("JETS") tool, which does not differentiate between straight-time and overtime labor rates. During storm restoration events, Company crews routinely work significant overtime hours, which are compensated at a rate of 150% of straight-time pay. As a result, the use of unadjusted standard straight-time labor rates would not reasonably reflect the actual labor costs incurred to restore and install storm-related assets.

To address this fact, and to ensure that capitalized labor amounts reasonably approximate actual labor costs incurred during storm restoration, an incremental adder of 25% is appropriately applied within JETS to standard labor rates for distribution mass assets associated with storm events. This adder reflects the increased proportion of overtime labor worked during restoration activities, assuming the mix of straight-time labor and overtime labor is approximately equal, and serves as a reasonable and consistent proxy for overtime rates that cannot be directly captured within the estimating system. The use of a fixed percentage adder provides a consistent, systematic, and reasonable approach to approximating overtime labor premiums within the capitalization process without requiring project-specific labor tracking.

Q. WHY IS THE COMPANY'S CALCULATION A MORE REASONABLE APPROACH THAN PIA STAFF'S RECOMMENDATION?

A. The Company's calculation is consistent with the Company's historical treatment of storm restoration costs. Under this longstanding approach, initial labor costs associated with storms are recorded to both base O&M (for straight-time labor) and the storm regulatory asset. Once a JETS estimate is developed, the Company reviews the amounts charged to base O&M and the storm reserve and transfers a proportional share of labor costs to capital plant from both sources. The Company's 25% adder, therefore, is appropriately intended to capture a mix of both straight-time labor recorded to O&M and the internal labor overtime recorded to the regulatory asset. PIA Staff's recommendation of using a 150% adder associated entirely with overtime labor rate ignores the capital plant estimate in total, a portion of which is transferred from O&M. The Company's process for crediting base O&M and the storm regulatory asset is grounded in historical experience and operational expertise and represents a reasonable and accurate approximation of the actual costs incurred during storm restoration activities.

B. The Company correctly calculated the external contractor capital costs to be excluded from the storm cost regulatory asset.

Q. PLEASE DISCUSS PIA STAFF'S PROPOSAL REGARDING THE COMPANY'S CAPITALIZATION OF EXTERNAL CONTRACTOR COSTS.

A. According to PIA Staff, the Company's methodology incorrectly excludes all external line contractor costs, all external vegetation management contractor costs, and all staging costs from capital plant transfers. Based on these arguments, PIA Staff concludes that the Company overstated the costs in the regulatory asset and understated the costs recorded to plant in service. To address this, PIA Staff recommends that the Commission move a minimum of 20% of these costs to capital.

Q. IS PIA STAFF'S JUSTIFICATION FOR CAPITALIZING 20% OF EXTERNAL CONTRACTOR COSTS ARBITRARY?

A. Yes. PIA Staff unreasonably relies on storm cost capitalization percentages of a non-jurisdictional utility without context, analysis, or other relevant information. According to PIA Staff, the recommended 20% capitalization percentage is roughly half of the percentage that Duke Energy Carolinas capitalized. However, PIA Staff provided no contextual or empirical evidence demonstrating either the appropriateness of this comparison or the recommended capitalization percentage beyond bringing the Company's capitalization level closer in line with a non-jurisdictional utility that PIA Staff handpicked for comparison. Such logic demonstrates the arbitrary nature of PIA Staff's recommendation.

Q. WHY IS PIA STAFF'S RELIANCE ON THE CAPITALIZATION LEVELS OF OTHER UTILITIES MISGUIDED AND UNREASONABLE?

A. As stated above, PIA Staff recommends that the Commission consider the capitalization level of a non-jurisdictional utility without supporting empirical

evidence or context. PIA Staff relies upon the fact that Duke Energy Carolinas capitalized 42% of its costs related to Hurricane Helene. This simple analysis is misguided and fails to look behind a particular percentage to better understand the impacts of the storm and the assets being replaced or removed that could vary significantly based on each storm event. Thus, a simplistic analysis of percentages, without more in-depth consideration of the factors making up that percentage, provides little value to this Commission.

Q. ARE THERE OTHER REASONS WHY PIA STAFF'S RECOMMENDATION IS FLAWED?

A. Yes. The Company has historically treated storm support costs, such as staging costs or the cost of temporary housing for contractors, as incremental costs and has therefore not capitalized these costs. Under the capitalization policy, staging costs incurred during storms are not directly associated with the construction of capital assets. In addition, the Company excludes vegetation management costs incurred during storms from the capital plant transfers to be consistent with FERC guidance, which only allows a utility to capitalize the initial clearing for new construction, not secondary clearing or cleanup work associated with storm restoration activities. Thus, PIA Staff's recommendation to capitalize 20% of external contractor costs—costs that substantially include both staging costs and vegetation management costs—ignores the Company's capitalization policy and supporting regulatory guidance. Accordingly, the Commission should reject PIA Staff's recommendation.

V. RESPONSE TO PIA STAFF AND INTERVENORS' RATEMAKING PROPOSALS

A. The Company's amortization period should be adopted.

Q. WHAT DO INTERVENORS RECOMMEND REGARDING THE RECOVERY PERIOD FOR THE STORM DAMAGE REGULATORY ASSET?

A. PIA Staff recommends that the Commission: (1) extend the amortization period through December 31, 2034, a 103-month period; and (2) levelize the revenue requirement over this 103-month period. Additionally, PIA Staff suggests that if the storm cost regulatory asset is fully amortized before the effective date of new base rates from the Company's next base rate case proceeding, the Company should defer excess recoveries to a regulatory liability. GAM witness Pollock also suggests a longer amortization period, such as eight years, or 96 months.

Q. DOES THE COMPANY AGREE THAT A LONGER AMORTIZATION PERIOD WOULD BENEFIT CUSTOMERS?

A. The Company disagrees that a longer amortization period is appropriate. In determining the proposed recovery period of four years, the Company carefully considered the balance of a reasonable recovery period of costs already spent by the Company and the impact on affordability for customers. Given that most of the under-recovered storm costs in this filing are related to Hurricane Helene, which occurred in 2024, most of the deferred costs in consideration in this filing will have been incurred for approximately 20 months by the time cost recovery is set to begin when the rate adjustments take effect on June 1, 2026. The Company has absorbed the financing costs needed to support those costs in the interim period and, based on its proposal, the storm costs will be recovered in approximately six years from the date they were incurred.

In contrast, PIA Staff and GAM's proposed recovery periods are far too excessive. Based on their proposals, customers would continue paying for most of the storm costs for nearly a decade after they were incurred, even as new storms occur and associated costs are incurred and deferred to the storm reserve. Historically, the Commission has never approved a recovery period longer than six years in prior base rate cases.

Q. WHAT IS THE RISK OF ADOPTING THESE PROPOSALS TO EXTEND THE AMORTIZATION PERIOD?

A. Spreading recovery over such a long horizon increases the risk that multiple layers of storm-related costs and amortizations will overlap. This would in turn potentially put persistent upward pressure on rates rather than allow rates to normalize once a particular event has been fully recovered. While lengthening the recovery period may reduce the revenue requirement in the short term, extending the recovery over such a prolonged period of time as proposed by PIA Staff and GAM is unreasonable, unprecedented, and will burden rate impacts for customers in the long-term.

B. PIA Staff's proposal to levelize the revenue requirement would harm customers.

Q. ARE THERE ANY ISSUES WITH LEVELIZING THE REVENUE REQUIREMENT AS PROPOSED BY PIA STAFF?

A. Yes. PIA Staff's proposal is one-sided because it levelizes storm-related revenue requirements without also considering the impact of the PTCs beyond the test period. The Company proposed the revenue requirement in this filing based on the test period for both recovery of costs related to storms and the PTC benefits provided to customers. While it is true that the revenue requirement of the deferred storm cost balance will decline beyond the test period as the costs are recovered and the balance decreases over the four-year period, the PTCs included as a reduction to rates do not exist beyond the test period. Nevertheless, the Company opted to provide the full benefit of the PTCs across the four-year period. Therefore,

under the Company's current proposal, customers will continue to receive the benefit of the PTCs in rates over the next four years, or until rates are reset, even though these PTCs will technically be fully amortized by the end of the test period with no remaining PTCs to be credited beyond the test period. PIA Staff's attempt to levelize one discrete component of the Company's request—*i.e.,* the revenue requirement related to the deferred storm balance—should also levelize the revenue requirement impact of the absence of PTCs beyond the test period. Treating both components symmetrically would more than offset the impact of a levelized revenue requirement, meaning that PIA Staff's proposal, when considered appropriately, would result in a higher rate increase for customers compared to the Company's proposal in this filing.

C. The Company's accrual of future storm cost should be adopted

Q. SHOULD THE PROJECTED STORM COSTS REMAIN AT THE CURRENT APPROVED AMOUNT AS RECOMMENDED BY PIA STAFF?

No. The Company has historically updated its projected storm costs based on a historical average of actual storm costs incurred in setting the appropriate storm accrual. In both the 2019 and 2022 base rate cases, the Company used a previous 10-year average of actual storm costs incurred to project future storm costs, which was adopted by PIA Staff and approved by the Commission. Using a historical rolling average of storm costs is the most accurate forecast of projected storm costs considering that any forecast of storm costs for years out in the future is an uncertain exercise at best. Failure to reflect an updated forecast of projected storm costs in the accrual used in setting rates will potentially increase the storm regulatory asset balance in the future to be recovered from customers.

In addition, PIA Staff mischaracterizes the Company's storm accrual as forecasted storm costs. The storm accrual includes both of these components—the recovery of previously deferred storm costs as well as the projected storm costs. The current storm accrual approved by the Commission in the 2022 base rate case includes a

return of the projected over-recovery at the time of the filing, which reduced the annual storm accrual by $33 million over a three-year period ending December 2025. Therefore, the projected storm costs approved by the Commission in the 2022 base rate case is $65 million and not the current storm accrual of $31 million.

Q. DOES THE COMPANY AGREE WITH PIA STAFF'S ALLEGATION THAT THE COMPANY IS SEEKING RECOVERY OF COSTS INCURRED AFTER DECEMBER 31, 2025?

A. No. The Company is not requesting recovery of any storm costs incurred after December 31, 2025. As clearly presented in its exhibits and MFRs, the Company is only seeking recovery of the deferred storm balance of $912 million as of December 31, 2025. In the projected balance of the storm regulatory asset, the Company appropriately included the forecasted change in the asset balance, which includes the projected future storm costs based on the 10-year historical average as well as the declining balance pursuant with the recovery of the storm costs during the test period. This is consistent with the forecasted regulatory asset or reserve balances associated with storm costs filed in every base rate case. The Company must present forecasted balance projections; otherwise, simply limiting the regulatory asset balance to the set date as of December 31, 2025, would not only remove the projected storm costs from the balance but also limit the balance from the projected decline in the deferred storm costs based on its recovery during the test period. Considering both factors together, this would actually result in higher financing costs for customers. The Company's proposal is more appropriate because it reflects a better forecast of the deferred storm balance going forward.

D. A separate storm cost recovery rider is unnecessary.

Q. WHAT DOES GAM WITNESS POLLOCK PROPOSE REGARDING A SEPARATE STORM COST RECOVERY RIDER?

A. Witness Pollock suggests that the Commission require the Company to recover storm damage costs through a separate storm cost recovery ("SCR") rider, rather

than recovering these costs through base tariff rates. He argues that the Company would be able to track the remaining storm damage balance more accurately and adjust the rate to recognize projected sales and base revenue growth.

Q. IS A SEPARATE SCR RIDER NECESSARY OR APPROPRIATE?

A. No. Storm costs have always been recovered through traditional base rate tariffs. Therefore, the introduction of a new rider to separately recover storm costs in this filing is unnecessary and adds administrative burden. Furthermore, applying the increase as a rider would have the same effect as increasing each base rate component by the same percentage. Paragraph 3 of the ARP Extension Stipulation already provides for an equal percentage adjustment for storm cost, stating:

> The rate increase shall be applied to each traditional base rate on an equal percentage basis. The energy, demand, and basic service charge components shall all be adjusted equally; provided that the Company shall not apply any increase to the basic service charge for the domestic and small business rate groups.

Finally, deviating from the Commission-approved approach of recovering costs through traditional base rates would likely infringe on this Commission's order to have "new rates effective the 1st of the month following 90 days after the request for recovery." Developing a separate rider tariff and changing the billing system to accommodate the separate rider would necessarily extend the Company's implementation timeline by several months given the change required in the billing system and the Company's transition to the new customer information system, thereby delaying the timely recovery of the storm costs.

E. Nuclear PTCs should be included as a base rate component.

Q. WHAT DOES GAM WITNESS POLLOCK PROPOSE REGARDING THE USE OF THE COMPANY'S NUCLEAR PRODUCTION TAX CREDITS?

A. Witness Pollock argues that the Company's nuclear PTCs are unnecessary, assuming that the Commission deploys his proposed alternatives. Therefore, he

argues that the Commission should instead use PTCs to offset fuel expense in the Company's FCR-27 rates.

Q. WHAT IS THE COMPANY'S RESPONSE TO THIS PROPOSAL?

A. Income tax credits, including PTCs, have always been a base rate component. The Company does not earn a return on fuel costs and therefore, does not pay income taxes on fuel costs. The purpose of the income tax credits are to offset the Company's income tax obligation, so Witness Pollock's proposal to use these credits to offset fuel expenses—expenses that do not incur any income tax obligation—would be inappropriate. Accordingly, the PTCs should rightfully be included as a base rate component and not included in this case.

F. The Company's storm threshold does not require modification.

Q. WHAT IS PIA STAFF'S RECOMMENDATION REGARDING THE COMPANY'S MAJOR STORM THRESHOLD?

A. The PIA Staff panel believes that the Company's major storm threshold is "inordinately low" and references thresholds for other utilities as the basis to recommend that the Commission set the major storm declaration threshold to a minimum of $2 million.

Q. HOW DOES THE COMPANY RESPOND TO THIS RECOMMENDATION?

A. The Company's major storm threshold is appropriate, has served customers well, and does not need to be modified. The purpose of the major storm threshold is to determine when and whether certain incremental costs are tracked as storm expenses. The Company's current threshold ensures that most of its incremental storm costs are deferred to the storm reserve rather than expensed as O&M. As explained earlier, O&M expenses are recovered timely from customers as incurred, compared to costs deferred to a regulatory asset, which can be recovered over a

longer period thereby dampening rate impacts for customers. Raising the threshold would require the Company to amend its O&M budgets in future base rate cases to include additional projected expenses for incremental storm-related costs. Those increased O&M amounts would be collected from customers, which would increase rate impacts for customers. The Company did not budget for these incremental storm O&M costs in prior base rate cases given the threshold level that was in effect at that time.

In addition, the major storm threshold's current level benefits customers because it ensures that storm costs are precisely accounted for and that customers only pay for costs that are related to storms that actually occur. Therefore, the threshold the Company uses appropriately balances between the timely recovery of forecasted O&M expenses and the accurate recovery of real incremental storm costs over a longer period to mitigate rate impacts. While PIA Staff may point to other utilities' thresholds as support for a higher threshold for Georgia Power, this information is particular to those utilities, their specific experience with storms and storm restoration, their recovery mechanism of all incremental storm costs above or below their threshold, and their respective regulatory environments. The storm threshold at issue here is appropriate and does not require modification.

VI. RESPONSE TO REPORTING PROPOSAL

Q. WHAT DOES PIA STAFF RECOMMEND WITH REGARDS TO THE COMPANY'S INVOICING AND CONTRACTS RELATED TO STORMS?

A. PIA Staff recommends that the Company make process improvements to the invoice verification and audit process.

Q. DO YOU AGREE WITH PIA STAFF'S RECOMMENDATION?

A. No. Throughout the discovery process, the Company provided thousands of invoices and hundreds of contracts within an accelerated discovery timeframe of approximately 20 days. Despite the significant volume of information requested

and the short turnaround period, the Company made good-faith efforts to produce all responsive documentation. Following its review, PIA Staff ultimately concluded that the Company's invoicing was generally satisfactory and identified only a limited number of minor issues. PIA Staff likewise raised no concerns with the contract support provided by the Company, instead offering only process-oriented improvement suggestions. While PIA Staff expressed a preference for a different organizational format, the documentation produced contained the substantive information requested and was provided within the compressed schedule established during discovery.

Q. DID PIA STAFF RECOMMEND ANY DISALLOWANCES RELATED TO THE COMPANY'S INVOICE AND CONTRACT REPORTING?

A. No.

VII. CONCLUSION

Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST IN THIS FILING.

A. The Company has an obligation to serve our customers, which we take seriously and responsibly. The costs requested by the Company for recovery in this case are prudently incurred costs to provide and restore service to our customers as safely and efficiently as possible. Without the extensive efforts of the Company to restore service to customers following Hurricane Helene, many communities across Georgia would have endured sustained periods without electric service. The steps the Company took and the corresponding costs incurred were necessary costs of service and, as such, the Company's request should be approved.

As stated in our Direct Testimony, the Company has timed this request to recover storm damage along with its fuel cost adjustment request. The net result of both requests is a reduction of $1.34 a month for the typical residential customer using an average of 1,000 kWh, and 1% decrease in overall rates for total retail customers.

The outcome of this request will be consistent with the steps already taken by the Commission and the Company to provide customers with the continued benefit from stable electricity rates, all while providing safe and reliable service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.