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May 14, 2026

VIA ELECTRONIC DELIVERY

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

Re: Post-Hearing Brief of Georgia Interfaith Power & Light and Southface Institute; Docket No. 56765

Dear Ms. Tanner:

Please find enclosed an electronic version of the following Post-Hearing Brief to be filed in Docket No. 56765 on behalf of Georgia Interfaith Power & Light and Southface Institute.

Respectfully submitted,

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STATE OF GEORGIA
BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re:	)	
	)	
Georgia Power Company's Fuel Cost Recovery (FCR-27)	)	**Docket No. 56765**
	)	

POST-HEARING BRIEF OF GEORGIA INTERFAITH POWER & LIGHT AND SOUTHFACE INSTITUTE

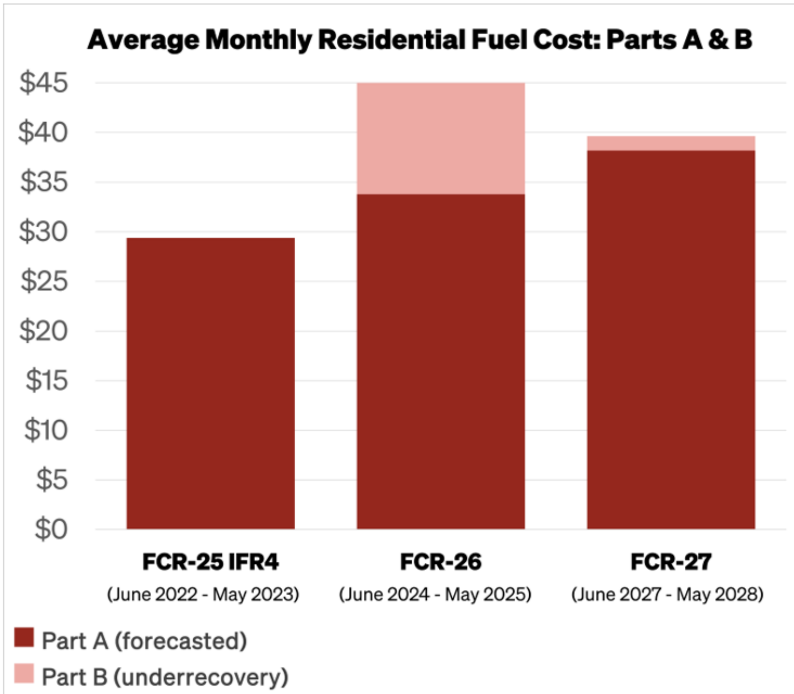
Georgia Interfaith Power & Light and Southface Institute (GIPL and Southface) support the Commission approving the fuel terms of the settlement reached by Staff and Georgia Power, with the understanding that the work to reach a just and reasonable outcome in this docket is ongoing and requires a public, litigated proceeding to resolve evidence of cost-shifting. GIPL and Southface make one additional minor recommendation at this time: To afford the public (as opposed to just staff) notice of Georgia Power's ongoing fuel balance, we ask that Georgia Power add a public disclosure of the amount of its under or over recovered balance in its monthly fuel filings in at least $50 million increments. Further, GIPL and Southface may recommend modifications to the settlement following the receipt of responses to their requests for information made during the fuel hearing.

Fuel is a significant charge on customer's bills, accounting for over 25% of the average residential bill over the last several years.[1] And while this fuel docket finally relieves customers of paying, on average, over $10 per month to pay off the balance accrued when gas prices spiked in

[1] Lin Test. at 6 (explaining the fuel costs have accounted for 27% of the average residential bill over the last three years).

2022 (light pink for FCR-26 in Figure below), this fuel docket alone will increase the future day-to-day costs of fuel by over $4/month for the average residential customer (red increase in FCR-27), as reflected in expert Lin's Figure 3.

Figure 3: Comparison of FCR-25, FCR-26, and FCR-27[11]



Moreover, as discussed below and at length in hearings, Georgia Power's proposed method for sharing fuel costs between its different customers, using methodology set in 2010, is ill-suited to the changing makeup of Georgia Power's customer base and has led to the inequitable and unfair result of Georgia Power's smallest customers subsidizing fuel costs for its largest customers. GIPL and Southface look forward to all parties having an opportunity to further explore the cause of this issue and to identify a just and reasonable remedy in an open and public proceeding this fall.

I. <u>GIPL and Southface support the Commission's investigation of Georgia Power's unfair allocation of costs between its two classes of fuel customers: RTP (largest) and non-RTP (smaller).</u>

This docket has revealed that fuel costs are not "passed through" to everyone equally. Rather, Georgia Power has two classes of fuel customers—its largest customers (RTP) and its smaller customers (FCR). For data centers and other large customers who buy energy using the RTP rate,[2] there are large categories of fuel costs—including methane gas pipeline costs (firm transportation), the cost of renewable PPAs, and renewable program expenses—that are paid entirely (100%) by residential and other non-RTP customers. Data centers use them and, in many instances, caused the costs: Everyone else foots the bill. Georgia Power offered testimony that the "increase in large load customers" would <u>not</u> impact fuel cost responsibility for existing customers and that large loads were paying the "appropriate" contribution to fuel.[3] But the proponents of that testimony were not aware that large load customers contribute zero dollars to the fuel costs they are plainly causing—like firm transportation.[4]

Georgia Power's smallest customers should not be subsidizing the fuel costs for its largest: And the financial pain of this data center subsidy will increase substantially as RTP load grows from about a quarter of Georgia Power's energy usage to about half, in just the next three years.[5]

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[2] *See* TOU-SC-MAC Tariff, *available at* https://www.georgiapower.com/content/dam/georgia-power/pdfs/business-pdfs/tariffs/2025/tou-sc-15.pdf (All new large data centers purchase all of their energy costs at the RTP rate, in addition to paying a MAC charge); Hr'g Tr. 906:8-19 (new large load customers are on the TOU-SC-MAC rate).

[3] GPC Dir. Test. 17:17-18:8 ("[L]arge load customers will bear the appropriate cost responsibility in each hour for the fuel cost they impose on the Company.").

[4] *Compare* Direct Panel Hr'g Tr. 185:2-22 (Q: "[S]ince you're not the RTP experts, would it surprise you to learn that RTP customers are contributing zero dollars to firm transportation costs in the fuel docket?" A: "I don't think that's true. . . . I would ask that you ask those questions of the next panel.") *with* Rebuttal Panel Hr'g Tr. 970:23-972: 2 ("[Y]ou agree that residential and small business customers . . . and other non-RTP customers, are paying for 100 percent of Georgia Power's firm transportation costs in their fuel rider, correct? A: "Again, yes, in that specific docket, that is correct.").

[5] MFRP-1, Retail MWh sales tab (GIPL-SF Ex. 16). *See also* Hr'g Tr. 163:22-166:16.

Costs Paid in Fuel Charges (June 2026-May 2028)	**Divided among residential, small businesses, and other customers on FCR fuel rate**	**New data center contribution**
New Gas Pipeline Costs (firm transportation) **beginning November 2027*	$117,905,000[6]	$0
Existing Gas Pipeline Costs	$XXX,XXX,XXX[7]	$0
Solar PPAs (Energy)	$719,000,000[8]	$0
Wind PPAs (Energy)	$78,934,000[9]	$0
Other Non-Dispatchable PPAs (Energy)	[TBD][10]	$0
Renewable Program Expenses	$X,XXX,XXX[11]	$0
Senior Citizen Fuel Discount	$43,915,000	$0
Hedging program to manage unpredictability of gas prices	$XXX,XXX,XXX[12]	$0

This docket has further revealed that fuel costs across-the-board are increasing due to large loads, and the bills from large customers are not keeping up to offset those costs—leaving the smaller customers left to pay the bill. Staff's expert panel testified about the impacts of the "Commercial Large Data Center" load growth: "The additional large load drives up the average fuel cost ($/MWh) in each month by approximately 5-11% in 2028, and the difference increases

[6] MFRP-1, Firm Transportation Tab (GIPL-SF Ex. 15). Georgia Power hopes to remarket $73 million of the gas transportation, because the Bowen and Wansley units that the firm transportation is designed to supply will not be online until after May 2028. *See generally*, Hr'g Tr. 180-183. However, if they fail, all FCR customers will be charged for those costs; not RTP. The balance of costs of "new" firm transportation is to serve the new Yates CTs, which were certified to serve new data centers.
[7] Georgia Power claims this number is "trade secret" and it is estimated here based on Staff's firm transportation estimates for 2023, 2024, and 2025 in their testimony at page 62, Table 21.
[8] Though none of Georgia Power's witnesses could identify what kinds of resources were considered "non-dispatchable," a response to a Staff Data Request explains: "The costs of solar PPAs are not included in the calculation of the average hourly marginal fuel cost. . . ," which confirms that the RTP Fuel Credit does not include these costs.
[9] Though none of Georgia Power's witnesses could identify what kinds of resources are considered "non-dispatchable" (and thus, not included in the RTP Fuel Credit), wind is a classic example of a non-dispatchable resource.
[10] Awaiting response to GIPL-SF hearing request.
[11] Millions of dollars of the "underrecovered" balance in fuel accounting is for administrative expenses from January 2023 through December 2025 that Georgia Power did not recover through its renewable programs. Georgia Power claims this number is trade secret. It is provided at MFRH-2 (TS).
[12] Over a hundred million dollars of the "underrecovered" balance in fuel accounting is for hedging program costs that outpaced financial benefits. Georgia Power claims this number is trade secret. It is provided at MFRH-2 (TS).

over time as more large load is added to the system."[13] This means that costs are outpacing demand, driving costs up for everyone. The fuel credit contribution for RTP customers covers only their own rising average fuel costs—but offers no offset for the rising costs that they're causing other customers to bear.[14] Georgia Power offered no rebuttal to this compelling testimony or contradicting analysis, instead merely saying that they had a "hard time figuring out where it came from. . . ."[15]

This docket has further revealed that, over the past three years, when Georgia Power incorrectly over-estimated how much energy large loads would use and pay, the unexpected lost revenue was then charged to Georgia Power's smaller customers as cost they would need to pay as an "underrecovery."[16]

This is not fair, just, or reasonable. GIPL and Southface support the stipulation as an interim step, but its support is based on its understanding that these issues will continue to be investigated—and FCR rates will be adjusted as appropriate—in a public RTP study docket.

II. <u>The volatility of fossil fuel prices requires ongoing, attentive oversight by the Commission.</u>

The load growth and related cost-pressures described above are exacerbated by the increasing unpredictability of the costs of fossil fuels, which Georgia Power is relying on more-and-more to accommodate data center growth. GIPL and Southface support the stipulation's terms

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[13] Newsome Panel Test. at 56:2-6, 57:3-6.

[14] *See, e.g.*, STF-JKA-1 Supplemental (b) (GIPL-SF Ex. 2) (providing the formula for the RTP Fuel Credit, which is based on RTP customers' hourly average marginal costs, without any provision for offsetting the marginal cost increases to other customers).

[15] Hr'g Test. 997:1-9.

[16] *See, e.g.* GPC Direct Test. at 4:26-5:6 (the "under-recovery is primarily driven by higher levels of coal generation, and actual natural gas prices that were lower than what was projected in Real-Time Pricing ("RTP") revenues in the FCR-26 budget."); MFRH-2 (TS) (reflecting the under recovery in revenue by class as a key component in the underrecovery charged to the FCR-27 budget).

concerning hedging and appreciate the negotiated position Staff and Georgia Power reached concerning Interim Fuel Rider (IFR) terms and setting a future fuel docket.

However, these agreements do not address the transparency concerns of non-staff parties who do not have routine access to trade secret information. As it stands, Georgia Power's monthly **public** fuel cost under-and-over recovery disclosures are provided to this commission with a three-month lag,[17] as the most recent information is redacted. Georgia Power's under or over recovery balance is not actually trade secret. But, indulging Georgia Power's claim to the contrary, GIPL and Southface request the Commission order Georgia Power to **publicly** reveal its over or under recovery balance rounded to the closest $50 million increment. This allows the public more real-time awareness of the cost trends and it further allows the public to determine when and whether to seek to access trade-secret information concerning fuel costs ahead of a potential rate increase request from Georgia Power, as contemplated in the Stipulation.

- **Hedging**: Hedging is not a long-term solution, but instead hedging increases costs passed to non-RTP customers on average.[18] Furthermore, RTP customers do not contribute towards the costs of hedging[19], despite their energy usage causing a significant increase in the budgeted gas burn, and thus, causing a significant increase in the costs to hedge exposure to that volatile market. Reducing the hedging program from 40% of budgeted gas burn to 20% of budgeted gas burn is a good outcome for all customers over the long-term.

[17] *See* GPC's filings in Docket 3382-U.
[18] Lin Testimony at 4:20-21 ("Hedging price volatility puts upward pressure on total costs over time. It also obscures the financial risks of GPC's heavy reliance on natural gas."); Newsome Panel at 67:11-12 ("The hedging program is not necessary to provide stable fuel rates for customers and has significantly increased ratepayer fuel cost over its history.").
[19] Hr'g Tr. 965:8-14.

- **Interim Fuel Rider Rate Adjustment:** The settlement's IFR terms allow Georgia Power to request that the Commission adjust fuel rates up to 40% without a full fuel case in the event that Georgia Power is over or under recovered by $300 million. GIPL and Southface expert witness Lin recommended that the rates adjustments be triggered more often ($200 million threshold) but that actual adjustments without a full fuel docket are limited to smaller adjustments (15% of rates). While GIPL and Southface maintain that smaller adjustments to rates are more appropriate in the absence of a full fuel docket, GIPL and Southface also recognize that the outcome here reflects a give-and-take by Staff and Georgia Power, as this settlement requires Georgia Power to propose a rate adjustment when necessary to correct a significant imbalance in the fuel account, rather than shifting the burden of proposing the appropriate rate adjustment to staff.

- **Future fuel docket:** GIPL and Southface support the Settlement's identification of February 28, 2029, as the latest date by which Georgia Power may file its next full fuel case. Regular and comprehensive studies of fuel costs charged to customers are an important element of transparency, accountability, and good policymaking.

Finally, GIPL and Southface continue to support the Commission's consideration of other solutions to increase oversight of fossil fuels' increasing cost pressures on customers, including expert-Lin's recommendation to include the Fuel Cost Rider as a line item on customers' bills and Sierra Club experts' recommendations concerning uneconomic dispatch of coal and fuel cost sharing.

Respectfully submitted this 14th day of May, 2026.

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CERTIFICATE OF SERVICE

I certify that the foregoing **Post-Hearing Brief of Georgia Interfaith Power & Light and Southface Institute** was cause to be filed with the Public Service Commission in Docket No. 56765 by electronic delivery on the 14th of May, 2026. An electronic copy of same was served upon all parties listed below by electronic mail as follows:

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