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EXECUTIVE SECRETARY**

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Georgia Public Service Commission

(404) 656-4501
(800) 282-5813

244 WASHINGTON STREET, S.W.
ATLANTA GEORGIA 30334-5701

EXECUTIVE SECRETARY FAX: (404) 656-2341
G.P.S.C. www.psc.state.ga.us

Docket No. 42516

In Re: Georgia Power Company's 2019 Rate Case

DOCKET# 42516

DOCUMENT# 179339

**SHORT ORDER ADOPTING
SETTLEMENT AGREEMENT AS MODIFIED**

Record Submitted: November 27, 2019

Decided: December 17, 2019

APPEARANCES

On behalf of Georgia Public Service Commission Public Interest Advocacy Staff:

JEFFREY STAIR, Esq., DANIEL WALSH, Esq., and PRESTON THOMAS, Esq.

On behalf of Georgia Power Company:

KEVIN C. GREENE, Esq., BRANDON MARZO, Esq., and STEVE HEWITSON, Esq.

On behalf of the City of Atlanta:

NINA R. HICKSON, Esq., and NEWTON GALLOWAY, Esq.

On behalf of The Commercial Group:

ALAN R. JENKINS, Esq.

On behalf of Georgia Association of Manufacturers:

CHARLES B. JONES, III, Esq.

On behalf of Georgia Industrial Group:

RANDALL D. QUINTRELL, Esq.

On behalf of Georgia Interfaith Power & Light, Southface Energy Institute and Vote Solar:

KURT EBERSBACH, Esq., and JILLIAN KYSOR, Esq.

On behalf of Georgia Solar Energy Industries Association, Inc.:

NEWTON M. GALLOWAY, Esq., and TERRI M. LYNDALL, Esq.

On behalf of Georgia Restaurant Association:

PERRY J. McGUIRE, Esq., and VICKIE C. RUSEK, Esq.

On behalf of Georgia Watch:

LIZ COYLE

On behalf of The Kroger Company:

KURT J. BOEHM, Esq., and JODY KYLER COHN, Esq.

On behalf of Metropolitan Atlanta Rapid Transit Authority:

ROBERT B. BAKER, JR., Esq.

On behalf of Resource Supply Management:

JIM CLARKSON

On behalf of Sierra Club:

ROBERT JACKSON, Esq., and ZACHERY M. FABISH, Esq.

On behalf of U.S. Department of Defense and other affected Federal Executive Agencies:

EMILY W. MEDLYN, Esq.

BY THE COMMISSION:

I. GEORGIA POWER COMPANY'S 2019 RATE CASE STATEMENT OF PROCEEDINGS

Pursuant to the Rate Plan approved by the Georgia Public Service Commission ("Commission") in the December 17, 2013 Order Adopting Settlement Agreement in Docket No. 36989-U, Georgia Power Company's 2013 Rate Case, the Commission ordered Georgia Power Company ("GPC" or "Company") to file by July 1, 2016, a general rate case for dealing with any changes in revenue requirements. Subsequent to that decision, the Commission established in its April 14, 2016 decision on the 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 SouthStar Energy Services LLC d/b/a Georgia Natural Gas; Application for a Natural Gas Marketer Certificate of Authority filed respectively in Dockets 39971 and 9574 that the current 2013 Georgia Power accounting order would continue in effect until December 31, 2019 and Georgia Power would file its next retail rate case, or request for an accounting order, on July 1, 2019.

On May 21, 2019, in accordance O.C.G.A. § 50-13-13, the Commission entered a Procedural and Scheduling Order ("PSO") to govern the hearings. On June 28, 2019, pursuant to the PSO, Georgia Power Company filed its 2019 Rate Case. On September 24, 2019, Georgia Power filed an errata to reflect the revenue requirement impacts from various items included in the amended Stipulation approved by the Commission in the Company's 2019 Integrated Resource Plan ("IRP") and DSM Certification proceedings in Docket Nos. 42310 and 42311 ("Errata").

Georgia Power's 2019 Rate Case filing, as amended by the Errata, requested approval to continue the three-year alternate rate plan ("ARP") structure and requested rate increases of \$560 million, \$144 million and \$233 million to be effective January 1, 2020, 2021 and 2022, respectively. These proposed increases included a one-time levelized adjustment for traditional base rates and ECCR tariffs and annual increases to recover compliance costs associated with ash pond closure as well as the demand side management and municipal franchise fee tariffs. Hearings on Georgia Power's direct case in support of its filing were held September 30, 2019 through October 2, 2019.

In addition to the Commission's Public Interest Advocacy Staff ("PIA Staff"), which has a statutory right to participate in this proceeding, interventions were filed by a number of interested parties. These interested parties included the City of Atlanta; the Commercial Group; Concerned Ratepayers of Georgia; the U.S. Department of Defense (on behalf of all Other Federal Executive Agencies) ("DOD/FEA"); Georgia Association of Manufacturers ("GAM"); Georgia Industrial Group ("GIG"); Georgia Interfaith Power & Light, Inc. ("GIPL"), Southface Energy Institute, Inc. ("Southface"), and Vote Solar, Inc.; the Georgia Solar Energy Association, Inc. ("GSEA") and Georgia Solar Energy Industries Association ("GSEIA"); Georgia Restaurant Association ("GRA"); Georgia Watch; The Kroger Company ("Kroger"); Metropolitan Atlanta Rapid Transit

Authority (“MARTA”); Resource Supply Management (“RSM”); and the Sierra Club. Thereafter, on October 17, 2019, PIA Staff and Intervenors filed testimony and exhibits presenting their respective direct cases. With the exception of Concerned Ratepayers of Georgia, GSEIA/GSEA, and Georgia Watch, all other parties to this case filed testimony in this proceeding. Hearings on PIA Staff and Intervenors’ direct cases were held November 4-6, 2019.

The Company filed its rebuttal testimony on November 15, 2019 in response to the positions advocated by PIA Staff and various intervenors. The Company presented its rebuttal case on November 25, 2019, at which time the hearings in this matter were concluded. On December 4, 2019, parties in this matter filed proposed orders and briefs.

At each phase of the hearings of evidence in this case the Commission also heard from numerous public witnesses who expressed their views on the Company’s application, either individually or on behalf of specific groups.

II. COMMISSION ACTION

Following its rebuttal testimony, the Company filed a proposed Settlement Agreement designed to resolve the issues in the case except for the return on equity (“ROE”) and the capital structure. The Settlement Agreement was executed on behalf of the Company and several intervenors. The following parties executed the Settlement Agreement: the Commercial Group, GIG, GMA, the City of Atlanta, MARTA, and the Kroger Co. At the Administrative Session on December 17, 2019, a Commissioner Motion was passed that set the ROE at 10.50% and set the capital structure at 56% equity and 44% debt and adopted the Settlement Agreement with two modifications, discussed in more detail below.

The Settlement Agreement was designed to set rates to go into effect January 1, 2020 using a three-year Alternate Rate Plan (“ARP”) with an earnings band of 9.50% to 12.00%. Rates under the accounting order would be set as described in the Settlement Agreement with a 10.50% ROE. The Settlement Agreement further provided for the continuation of the Environmental Compliance Cost Recovery (“ECCR”) Tariff which will collect certain environmental costs which will be incurred by the Company including compliance with Coal Combustion Residual Asset Retirement Obligations (“CCR ARO”). The Settlement Agreement further provides for an increase in the municipal franchise fee tariff as well as an increase in the DSM tariffs.

The Settlement Agreement also provides that the traditional base tariffs shall be adjusted in 2021 and 2022 to recover the revenue requirements for traditional base rates, the ECCR tariff, the DSM tariffs, and the municipal franchise fee tariff. The Settlement Agreement also provides for continuation of the Interim Cost Recovery (“ICR”) mechanism approved in the 2010 Rate Case in Docket No. 31958 throughout the term of this ARP utilizing the earnings band in Paragraph 6 of the Settlement Agreement. For Annual Surveillance Reporting (“ASR”) purposes, beginning January 1, 2020, the earnings band shall be set at 9.5% to 12.0% ROE and the Company shall report earnings based on the actual historic cost of debt and approved capital structure. The

Company shall not file a general rate case unless its calendar year retail earnings are projected to be less than 9.5% ROE.

At its regular Administrative Session held on December 17, 2019, the Commission voted to adopt the Settlement Agreement with the modifications set forth in the Commissioner's Motion ("Motion").

III. FINDINGS OF FACT

1.

The Commission finds that the resolution of the matters raised in this docket, as provided in the Settlement Agreement as modified by the Commission, is appropriate and will result in just and reasonable rates.

2.

The Settlement Agreement provides that, effective January 1, 2020, the Company shall (1) not increase its traditional base rate tariff in 2020, any increases in base rates shall not be levelized but adjusted year by year, (2) collect an additional \$12 million through the DSM tariffs, and (3) collect an additional \$12 million effective January 1, 2020, \$5 million effective January 1, 2021, and \$9 million effective January 1, 2022 through the Municipal Franchise Fee ("MFF") tariff.

3.

The Settlement Agreement provides that the Basic Service Charge ("BSC") for all tariffs in the Domestic Group shall increase by \$2 in 2021 and another \$2 in 2022. Further, effective January 1, 2021, the basic service charge for all tariffs in the Medium Business, Large Business and Marginally priced tariff groups shall be increased to 100% of the levels shown in the Company's Exhibit LTL-1 column labeled "Period 1 Cost of Service Study Customer Related Costs" rounded to the nearest dollar. The remainder of tariff groups, with the exception of the Domestic Group addressed in Paragraph 18, shall have their basic service charges adjusted as proposed by the Company in Exhibit LTL-1 column labeled "2021 Estimated Alternative Rate Plan Basic Service Charge" starting in 2021. The kWh and/or demand charges in each rate shall be correspondingly adjusted to collect the revenue requirement.

4.

For Annual Surveillance Reporting ("ASR") purposes, beginning January 1, 2020, the earnings band shall be set at 9.5% to 12.0% ROE and the Company shall report earnings based on the actual historic cost of debt and approved capital structure. The Company shall not file a general rate case unless its calendar year retail earnings are projected to be less than 9.5% ROE.

Subsequent to finalization of PIA Staff's review of the respective ASR, any retail earnings above 12.0% ROE shall be shared, with forty percent (40%) being applied to regulatory assets in the following priority: Accumulated CCR ARO, Retired Generating Plant, Obsolete Inventory, Environmental Remediation, and Storm Damage, forty percent (40%) being directly refunded to customers, allocated on a percentage basis to all customer groups including the base revenue contribution of Real Time Pricing ("RTP") incremental usage, and the remaining twenty percent (20%) retained by the Company. The Commission finds that it is fair and reasonable that in the event the Company is earning above the top end of the earnings band, the portion of the excess earnings not flowing to the Company's shareholders be devoted to customer rate reductions.

The Company shall make its ASR filings for this ARP by March 15th of the following year. The Commission will consider the ASR filing and determine any direct refunds and reduction of regulatory assets by July 31st of that year.

5.

For purposes of the 2021 and 2022 rate adjustments, the Company shall make compliance filings of the updated tariffs at least ninety (90) days prior to the effective date of the tariffs. The Company's compliance filings will include the following updates including updated estimates to incorporate the capital structure and rate setting return on equity approved by the Commission on December 17, 2019:

- a) Effective January 1, 2021, (i) the traditional base tariffs shall be adjusted to collect an additional estimated \$93 million. This estimate shall be adjusted in the Company's compliance filing to incorporate the capital structure and rate setting return on equity approved by the Commission; (ii) the ECCR tariff shall be increased based upon the Compliance filing with updated CCR ARO costs as filed in the most recent semi-annual report for calendar year 2020; (iii) the DSM tariff shall be increased to reflect the additional approved DSM costs for calendar year 2021 as approved in Docket No. 42311 and as adjusted based on the DSM True up process agreed to by the Company and PIA Staff; and (iv) the MFF tariff shall be adjusted to collect the municipal franchise fee cost incurred by the Company. The 2021 increase to traditional base rate tariffs, ECCR tariff, DSM tariff will use the most current kWh sales forecast for the applicable year to set the rates.
- b) Effective January 1, 2022, (i) the traditional base tariffs shall be adjusted to collect an additional estimated \$197 million. This estimate shall be adjusted in the Company's compliance filing to incorporate the capital structure and rate setting return on equity approved by the Commission; (ii) the ECCR tariff shall be increased based upon the Compliance filing with updated CCR ARO costs as filed in the most recent semi-annual report for calendar year 2021; (iii) the DSM tariff shall be increased to reflect the additional approved DSM costs for calendar year 2022 as approved in Docket No. 42311 and as adjusted based on the DSM True up process agreed to by the Company and PIA Staff; and (iv) the MFF tariff shall be adjusted to collect the municipal franchise fee cost incurred by the Company. The 2022 increase to traditional base rate

tariffs, ECCR tariff, DSM tariff will use the most current kWh sales forecast for the applicable year to set the rates.

6.

As set forth in the Motion, the Commission finds that rates shall be set using a 10.50% ROE, which appropriately balances the interests of the Company and its customers, and which the Commission finds to be just and reasonable. The difference between the respective ROE recommendations of Georgia Power and PIA Staff represented the largest dollar amount of any single issue in the case. Georgia Power recommended a ROE of 10.9% and PIA Staff recommended a ROE of 9.2%.

PIA Staff recommended a 9.2% ROE with a range of 9 - 9.4%. DOD/FEA recommended a ROE of 9.1%. The witness for DOD/FEA also stated that the financial risk adjustment is not needed because the difference between Georgia Power's book-value and capital structure and the proxy group's market-value capital structure is already captured in the various market-based ROE methodologies.

The Commission finds that the ROE Range Negotiated in the Settlement Agreement will allow the Company continued access to the capital markets at competitive rates and will allow the Company to construct infrastructure necessary to serve customers and comply with environmental regulations. Accordingly, the Commission also finds that the appropriate ROE for setting rates is 10.50%.

7.

The Settlement Agreement left it to the Commission to determine the appropriate capital structure and the Commission finds that the appropriate capital structure is 56% equity and 44% long term debt. Georgia Power proposed that a capital structure containing approximately 44% debt and 56% common equity be used for ratemaking purposes in this proceeding. The Company maintained that the proposed ROE and 56% equity ratio will ensure that Georgia Power has access to capital whenever necessary, provides the opportunity to earn a fair return for its investors and does so at rates favorable to customers. The Company highlighted that its allowed equity was reviewed in 2018 following the passage of the Tax Cuts & Jobs Act which lowered the federal income tax rate from 35% to 21%. As pointed out by the Company, in April 2018, this Commission adjusted the Company's equity ratio upward from the 51%, which was previously approved in the 2013 Rate Case, to 55% as a part of the Tax Cuts & Jobs Act settlement between the Company and Commission PIA Staff in Docket No. 36989 ("Tax Reform Settlement"). The equity adjustment approved in the Tax Reform Settlement was implemented to address the negative implications of tax reform, provide support for maintaining the Company's credit profile, and allow the Company timely access to capital markets and the ability to borrow at reasonable interest rates.

Based on the evidence presented, the Commission finds and concludes that the Settlement Agreement's proposed capital structure of 56% common equity level is just and reasonable considering all the evidence presented and is necessary to avoid a credit rating downgrade.

8.

The Interim Cost Recovery ("ICR") mechanism approved in the 2010 Rate Case in Docket No. 31958 is continued throughout the term of this ARP utilizing the earnings band as discussed above. Under the ICR mechanism, if at any time during the term of the rate plan, the Company projects that its retail earnings will be lower than 9.50% retail ROE for any calendar year, based on the most recent budget, including the latest projections regarding rate base, revenues, expenses, changes in projected debt and preferred security costs, it may petition the Commission for the implementation of an ICR ("Interim Cost Recovery") tariff which will be used to adjust the Company's earnings back to 9.50% ROE. Any ICR tariff approved by the Commission shall expire at the earlier of the date upon which the next general rate case takes effect or the end of the calendar year in which the ICR tariff becomes effective. Continuation of the ICR mechanism also maintains certain procedural guidelines regarding the filing of any request for implementation of an ICR tariff, and further maintains that in lieu of requesting implementation of an ICR tariff, or if the Commission chooses not to implement the ICR, the Company may file a full rate case. Georgia Power must file its request to implement the ICR tariff no less than 90 days prior to its proposed effective date.

The Commission finds that the portion of the Settlement Agreement allowing for continuation of the ICR mechanism during the term of the rate plan is just and reasonable and provides ratepayers with rate stability.

The Commission also finds that continuation of the ICR mechanism does not expose ratepayers to increased risks as compared to either a traditional rate case setting, or the format of the alternative rate plans that Georgia Power has operated under in recent years. Any adjustment filed by the Company under the ICR tariff would not take effect unless and until it is approved by the Commission. If the Commission does not act by the proposed effective date of the ICR tariff, the Company's filing would be deemed denied. Furthermore, the Company would have the burden of proof to demonstrate that its proposed adjustment was appropriate. The Commission would maintain the discretion to reject any filing by the Company pursuant to this tariff. In such an instance, Georgia Power would have the ability to file a traditional rate case, provided that it was dissatisfied with the Commission's ruling and maintained that its earnings were projected to be below the bottom of the earnings band set in this proceeding.

9.

The Settlement provides that, with the exception of easements and right of ways, Generation and Transmission property in Plant held for Future Use ("PHFFU") that has been held in PHFFU account for 15 consecutive years shall undergo review during the first IRP proceeding following the 15th year that such property has been held in PHFFU. Distribution property in PHFFU that has been held in PHFFU account for 15 consecutive years shall undergo review during

the first base rate proceeding following the 15th year that such property has been held in PHFFU. In the respective proceeding, the Company will be required to present the specific plan for the property(s) that has exceeded 15 consecutive years in PHFFU. The Commission will decide the matter in that proceeding.

10.

Regarding over earnings that the Company has reported above the earnings band in 2018 to the Commission through the ASR process in Docket No. 36989, the Settlement Agreement provides that fifty percent (50%) of the customer share (approximately \$51 million) of earnings above the band in 2018 shall be utilized to reduce the December 31, 2019, storm damage regulatory asset. Regulatory assets are to be written down in the following priority: Obsolete Inventory, Environmental Remediation, Accumulated CCR ARO, Retired Generating Plant, and Storm Damage. The remaining fifty percent (50%) of the customer share shall be refunded to customers in 2020 with a special line-item on the bill.

In the Settlement Agreement, the Company anticipates earnings in excess of the earnings band in 2019. The Company shall forego its share of the 2019 earnings over the top of the earnings band. Fifty percent (50%) of all the earnings over the 2019 band shall be refunded to customers with a special line item on the bill, and fifty percent (50%) shall be used for the early retirement of regulatory assets including \$49 million spent to investigate the Stewart County site and other regulatory assets in the following priority: Accumulated CCR ARO, Retired Generating Plant, Obsolete Inventory, Environmental Remediation, and Storm Damage.

The Settlement Agreement also provides that the Company shall accelerate amortization of an estimated \$88 million in regulatory assets in 2020 in the following priority: Accumulated CCR ARO, Retired Generating Plant, Storm Damage, Obsolete Inventory, and Environmental Remediation. The actual amount accelerated may be different than estimated in this paragraph depending upon the capital structure and rate setting return on equity approved by the Commission. The estimated \$88 million shall be adjusted to reflect the updated projected revenue sufficiency by incorporating the capital structure and rate setting return on equity approved by the Commission and will be reflected in the Company's compliance filing.

11.

Additionally, the Settlement Agreement provides that the Company and Staff shall collaborate in 2020 to increase marketing of the TOU-RD rate. Beginning January 1, 2021, the Company shall utilize the TOU-RD rate as the default rate for newly constructed residential premises. The Company will report back to the Commission at the time of its next base rate case regarding the adoption of TOU-RD and its use as the default rate for newly constructed residential premises.

12.

The Settlement Agreement also requires the Company to further investigate the need for, and costs associated with, providing hourly usage information to all of its metered customers. The Company is required to file this information within six months of the final order in this docket, after which the Commission will provide further guidance on whether such a program should be implemented.

13.

The Settlement Agreement provides that within ninety (90) days of the Final Order in this docket, the Company, Georgia Watch, and Commission Staff shall collaborate on a process to consider potential options for the expansion of income qualified discount opportunities to assist customers. This process will allow for parties to provide input on the options to be considered. Stipulating Parties further agree that within 270 days of the Final Order in this docket, the Company after having taken input from other parties will report back to the Commission on their findings and may recommend additional action. Any potential program options must consider cost impacts to non-participating customers as well as the impacts of any revenue erosion.

The Settlement Agreement provides that the Company agrees to further promote Project Share to customers and increase the Company's matching to 150% of customer contributions up to \$1.5 million annually.

14.

In accordance with the Settlement Agreement, the TOU-MB rate shall be made available to all food services and drinking places identified as 722 of the North American Classification System (NAICS). A franchise with multiple accounts shall no longer be an applicability requirement. Any existing customers on TOU-MB not qualifying as 722 will be considered grandfathered on TOU-MB and allowed to remain on the rate. During the term of the ARP qualifying food services and drinking places will be accepted on TOU-MB on a first come, first allowed basis until the number of accounts on the rate equals 6,000. The rate will be reviewed in the next base rate case. Any revenue erosion from the TOU-MB rate conversion during the term of the ARP will be captured in a regulatory asset account and recovered through rates in 2021 and 2022. All revenue loss resulting from the implementation of this provision shall be recovered by the Company from the TOU- MB rate.

15.

The Settlement Agreement provided for the issues raised in this proceeding regarding the method for bi directional metering utilized by Georgia Power under the Georgia Cogeneration and Distributed Generation Act of 2001 ("Cogen Act") O.C.G.A. § 46-3-51, to be considered as part of the PIA Staff review of the Company's methodology and computation of avoided cost in Docket No. 4822 that was provided for in the Commission's Final Order issued in Docket Nos. 42310 and 42311. This provision of the Settlement Agreement was modified by the Commission

to provide that the “Behind the Meter” netting period length shall be changed from instant to monthly for the first 5000 rooftop solar ratepayer or until the installed capacity reaches 32 Mw, whichever comes first. Following that, any new rooftop solar ratepayers would be subject to the current scheme of instant net metering.

16.

The Settlement Agreement provides that the Electric Transportation (“ET”) tariff shall be allocated 70% of the base rate increase in 2021 and 2022. The revenue deficiency for this adjustment shall be accounted for within the Governmental/Institutional tariff group.

17.

The Settlement provides that the tariff language changes proposed by the Company to the Real Time Pricing Tariff (“RTP tariff”) in the Company’s filing shall be modified as follows: The definition for “Existing Load” shall be defined as load previously served by Georgia Power and shall include load moved from one location to another provided that the operation at the new location is substantially identical to the operation at the former location. The definition of “New Load” shall mean load not defined as “Existing Load.” “New Load” shall also include load at a location that has been vacant less than twenty-four months provided that the operation is not substantially identical to the previous operation at that location. Finally, CBL reductions shall be allowed to reflect the impact of equipment removal/replacement and energy efficiency improvements implemented during the initial Term of Contract that result in measurable reduction in electric power demand and/or energy usage, provided that the Company’s financial requirements are met. This language shall be incorporated into the appropriate places within the RTP tariff.

18.

The Settlement Agreement provides that funds for electric vehicle infrastructure will be allowed as proposed by the Company with an additional \$6 million per year to be invested in support of wire and transformer upgrades for customer sited charging stations.

19.

The Settlement Agreement provides that the Environmental Compliance Cost Recovery tariff (“ECCR”) shall include the cost for compliance with Coal Combustion Residual Asset Retirement Obligations (“CCR ARO”). The collection of CCR AROs through ECCR will be in addition to compliance costs already included in the ECCR tariff. For purposes of settlement, the forecasted contingency for CCR AROs and traditional ECCR has been removed from the annual expenditure projections. For rate setting purposes the full weighted average cost of capital will be applied to the under recovered balance of CCR AROs. Effective January 1, 2020, it is estimated that the ECCR tariff will be adjusted to collect an additional \$324 million, an estimated \$115 million effective January 1, 2021, and \$180 million effective January 1, 2022. These estimates

will be adjusted in setting actual 2020 ECCR tariff rate and in the Company's compliance filings to incorporate the capital structure and rate setting return on equity approved by the Commission. The projection of CCR ARO cost will be updated in 2020 and 2021 through compliance filings to set the actual ECCR tariff rates for 2021 and 2022.

20.

The Company will maintain the Residential Service tariff as a rate option available to all residential customers for the term of the ARP.

21.

The Commission modified the Settlement Agreement to provide that the fee for Analog Meter Ratepayers shall be dropped by \$1.00 per month. The Commission will reevaluate the fee and this change in the next rate case.

22.

The date on which the rates pursuant to the Settlement Agreement shall become effective is January 1, 2020.

23.

The Commission finds that a three-year term for the Settlement Agreement ending December 31, 2022 is reasonable. By July 1, 2022, the Company shall file testimony and exhibits required in a general rate case along with supporting schedules required by the Commission to support a "traditional" rate case. The test period utilized by the Company in its rate case filing shall be from August 1, 2022 to July 31, 2023. The Company may propose to continue, modify or discontinue this Alternate Rate Plan. The Company shall also file projected revenue requirements for calendar years 2023, 2024, and 2025.

CONCLUSIONS OF LAW

1.

The Georgia Public Service Commission has general ratemaking jurisdiction over Georgia Power Company under O.C.G.A. Ch. 2, T. 46. The Georgia Public Service Commission has general supervision over electric light and power companies. O.C.G.A. §§ 46-2-20(a) and 46-2-21. The Commission has “exclusive power to determine what are just and reasonable rates and charges to be made by any person, firm, or corporation subject to its jurisdiction.” O.C.G.A. § 26-2-23; see also O.C.G.A. §§ 46-1-1(5), 46-2-24, 46-2-25, 46-2-26.1, and 46-2-26.2.

2.

The Settlement Agreement complies with the test year statute for electric utilities which provides in relevant part:

In any proceeding to determine the rates to be charged by an electric utility, the electric utility shall file jurisdictionally allocated cost of service data on the basis of a test period, and the commission shall utilize a test period, consisting of actual data for the most recent 12 month period for which data are available, fully adjusted separately to reflect estimated operations during the 12 months following the utility's proposed effective date of the rates. After the initial filing and until new rates go into effect, the utility shall file actual cost of service data as they become available for each month following the actual data which were filed. The utility shall have the burden of explaining and supporting the reasonableness of all estimates and adjustments contained in its cost of service data.

(O.C.G.A. § 46-2-26.1(b))

Georgia Power filed the requisite data on the basis of a test period, and the Settlement Agreement uses the test period as a starting point and then makes necessary and appropriate adjustments to reflect operations during the 12 months following the utility's proposed effective date of the rate. The test period data serves as the benchmark from which adjustments are made for each year of the Alternative Rate Plan. This methodology is consistent both with the statute and with Commission precedent in rate case proceedings dating back to 1998.

3.

The rates resulting from the Settlement Agreement are fair, just and reasonable. By adopting the Settlement Agreement as modified, the Commission retains its jurisdiction to ensure that the Company's rates are fair, just and reasonable.

4.

The remaining terms and conditions of the Settlement Agreement as modified are reasonable and appropriate. By adopting the Settlement Agreement as modified, the Commission adopts a reasonable resolution of the remaining issues in this docket.

5.

The Commission retains its jurisdiction to ensure that the Company abides by and implements the rates, terms and conditions set forth in the Settlement Agreement, as modified, adopted herein, and to issue such further order or orders as this Commission may deem proper.

III. ORDERING PARAGRAPHS

WHEREFORE, IT IS ORDERED, that the Settlement Agreement shall be and the same hereby is adopted as modified here in, that its terms and conditions are fully incorporated herein, and that Georgia Power Company shall comply with said terms and conditions.

ORDERED FURTHER, that the terms and conditions set forth in the Settlement Agreement as modified are just and reasonable and shall take effect for service rendered from and after January 1, 2020.

ORDERED FURTHER, that the tariffs implemented by Georgia Power to implement the aforesaid annual rate increase in the years 2020, the adjustments contemplated in 2021 and 2022, as well as the terms and conditions of the Settlement Agreement as modified shall be subject to review by the Commission to ensure that such tariffs, as implemented, are proper and just.

ORDERED FURTHER, that for purposes of the rate increase in the year 2020, Georgia Power shall file compliance tariffs within 30 days of the issuance of this Order, reflecting rates to implement the rate increases ordered herein. These tariffs shall reflect the rate allocations adopted in this Order, and shall be subject to the Commission's review for final approval.

ORDERED FURTHER, that for purposes of the rate adjustments specified in the Settlement Agreement, the Company shall make compliance filings of the updated tariffs at least 90 days prior to the effective date of the tariffs. Compliance filings shall be served upon all parties of record to this proceeding. Upon receipt of such compliance filing, parties may offer input relative to the filing to the Commission.

ORDERED FURTHER, that due to the complexity of this matter and the short statutory deadline for the issuance of an order, the Commission issues this order as a short order. The Commission will promptly issue a more detailed order in this matter further explaining its decisions, findings and conclusions.

ORDERED FURTHER, that all findings, conclusions and decisions contained within the preceding sections of this Order are adopted as findings of fact, conclusions of law, and decisions of regulatory policy of this Commission.

ORDERED FURTHER, that jurisdiction over this proceeding is expressly retained for the purpose of entering such further order or orders as this Commission may deem proper.

ORDERED FURTHER, any motion for reconsideration, rehearing, or oral argument shall not stay the effectiveness of this order unless expressly ordered by the Commission.

The above by action of the Commission in Administrative Session on the 17th of December, 2019.



Reece McAlister
Executive Secretary

12-31-19
Date



Lauren "Bubba" McDonald
Chairman

12/31/19
Date