

UNITED STATES OF AMERICA 151 FERC ¶ 62,147
FEDERAL ENERGY REGULATORY COMMISSION

Georgia Power Company

Docket No. EC15-132-000

ORDER AUTHORIZING DISPOSITION
OF JURISDICTIONAL FACILITIES

(Issued June 1, 2015)

On May 1, 2015, Georgia Power Company (Georgia Power or Applicant) filed an application pursuant to section 203 of the Federal Power Act (FPA)¹ requesting Commission authorization for the disposition of jurisdictional facilities resulting from a transaction whereby Georgia Power will acquire certain transmission facilities from Georgia Transmission Corporation (Georgia Transmission) (Proposed Transaction). The jurisdictional facilities associated with the Proposed Transaction consist of transmission facilities and a purchase and sale agreement.

Georgia Power is a wholly-owned subsidiary of Southern Company. It is a public utility, engaged primarily in the generation, transmission, distribution and sale of electric energy in the state of Georgia. Georgia Power owns approximately 12,600 miles of transmission lines and provides service to approximately 2.3 million customers through an integrated transmission and distribution system. Georgia Power, along with Southern Company's other retail operating companies (collectively, Georgia Power and those other retail operating companies referred as "Southern Companies"), provides non-discriminatory wholesale transmission service on its system pursuant to Southern Companies' Open Access Transmission Tariff (OATT). Applicant states that Georgia Power's load consists primarily of retail customers, but it also makes wholesale power sales to various electric cooperatives, municipal electric distributors, and investor-owned utilities in the Southeastern United States.

Georgia Transmission is an electric membership corporation that provides wholesale transmission service on a not-for-profit basis to 38 distribution

¹ 16 U.S.C. § 824b (2000), as amended by the Energy Policy Act of 2005, Pub. L. No.109-58, § 1289, 119 Stat. 594 (2005).

cooperatives in the state of Georgia. Georgia Transmission's assets and investments include over 3,000 miles of transmission lines and over 650 substations, and the value of its total assets exceeds \$2 billion.

Pursuant to an Agreement of Purchase and Sale dated March 16, 2015, Georgia Power will purchase certain transmission facilities owned by Georgia Transmission. Specifically, Georgia Power intends to purchase all of Georgia Transmission's right, title and interest in the 230 kV transmission line and all poles, supporting structures, towers, equipment, hardware, wires, easement rights, rights-of-way, all tangible personal property, fixtures and land extending approximately 1.35 miles from the Plant Vogtle Substation to the Plant Wilson Substation, located in Burke County, Georgia (Transmission Facilities). The agreed-upon value of the Transmission Facilities is \$133,169, subject to true-up within 180 days of closing.

Applicant states that the Proposed Transaction is consistent with the public interest and will not adversely affect competition, rates or regulation. With respect to competition, Applicant states that the Proposed Transaction will have no adverse effect on competition. Applicants state that the Proposed Transaction results in an acquisition of limited transmission facilities and involves no disposition of generating assets. Applicant notes that the Proposed Transaction does not result in any change in market concentration for generation. Therefore, according to Applicant, the Proposed Transaction does not raise any horizontal market power concerns.

Applicant states that the Proposed Transaction will have no effect on natural gas facilities, coal facilities, or any other inputs to electricity products that would raise issues relating to vertical market power. Applicant further explains that while the Proposed Transaction will result in a change in control over limited transmission assets, this change will have no adverse effect on competition in transmission or vertical market power because Georgia Power provides open access transmission service over its entire system, including the Transmission Facilities once acquired, in accordance with Southern Companies' OATT.

Applicant states that the Proposed Transaction is a purchase of transmission facilities. According to Applicant, the Proposed Transaction will not have any effect on wholesale power rates. Applicant notes that given the low purchase price of the Transmission Facilities, any impact that the purchase of the Transmission Facilities will have on Georgia Power's transmission rates will be *de minimis*.

Applicant states that the Proposed Transaction will not diminish federal regulatory authority over Georgia Power. Applicant states that after the Proposed Transaction is completed, Georgia Power and its transmission facilities will remain subject to the Commission's jurisdiction, which will include the Transmission Facilities. Applicant

also states that the Proposed Transaction will have no adverse effect on state regulation, as Georgia Power will also remain subject to regulation by the Georgia Public Service Commission.

Applicant states that the Proposed Transaction will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company. Additionally, Applicant states that based on the facts and circumstances known to them or that are reasonably foreseeable, the Proposed Transaction will not result in, at the time of the Proposed Transaction nor in the future: (1) any transfer of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, and an associate company; (2) any new issuance of securities by a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; (3) any new pledge or encumbrance of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or (4) any new affiliate contract between a non-utility associate company and a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, other than non-power goods and services agreements subject to review under Sections 205 and 206 of the FPA.

This filing was noticed on May 4, 2015, with comments, protests or interventions due on or before May 22, 2015. Georgia Transmission Corporation filed a motion to intervene. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure.² Any opposed or untimely filed motion to intervene is governed by the provision of Rule 214.

Georgia Power details its proposed journal entries reflecting the purchase of facilities from Georgia Transmission in Attachment 2 of its application. Georgia Power's proposed journal entries clear the purchase through Account 102, Electric Plant Purchased or Sold, and record the original cost and accumulated depreciation of the facilities on its books consistent with Electric Plant Instruction No. 5, Electric Plant Purchased or Sold.³ Additionally, Georgia Power's proposed journal entries record a \$115,424 acquisition adjustment in Account 114, Electric Plant Acquisition Adjustments, for the amount paid in excess of the depreciated original cost of the assets purchased.

² 18 C.F.R. § 385.214 (2014).

³ 18 CFR Part 101 (2014).

When a controlling interest in a public utility is acquired by another company, whether a domestic company or a foreign company, the Commission's ability to adequately protect public utility customers against inappropriate cross-subsidization may be impaired absent access to the parent company's books and records. Section 301 (c) of the FPA gives the Commission authority to examine the books and records of any person who controls, directly or indirectly, a jurisdictional public utility insofar as the books and records relate to transactions with or the business of such public utility. The approval of the transaction is based on such examination ability.

Information and/or systems connected to the bulk power system involved in this Proposed Transaction may be subject to reliability and cybersecurity standards approved by the Commission pursuant to FPA section 215. Compliance with these standards is mandatory and enforceable regardless of the physical location of the affiliates or investors, information databases, and operating systems. If affiliates, personnel or investors are not authorized for access to such information and/or systems connected to the bulk power system, a public utility is obligated to take the appropriate measures to deny access to this information and/or the equipment/software connected to the bulk power system. The mechanisms that deny access to information, procedures, software, equipment, etc., must comply with all applicable reliability and cybersecurity standards. The Commission, NERC or the relevant regional entity may audit compliance with reliability and cybersecurity standards.

Order No. 652 requires that sellers with market-based rate authority timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.⁴ The foregoing authorization may result in a change in status. Accordingly, Applicants are advised that it must comply with the requirements of Order No.652. In addition, Applicants shall make appropriate filings under section 205 of the FPA, to implement the Transaction.

After consideration, it is concluded that the Proposed Transaction is consistent with the public interest and is hereby authorized, subject to the following conditions:

- (1) The Proposed Transaction is authorized upon the terms and conditions and for the purposes set forth in the application;
- (2) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service,

⁴ *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, 70 Fed. Reg. 8,253 (Feb. 18, 2005), FERC Stats. & Regs. ¶ 31,175, order on reh'g, 111 FERC ¶ 61,413 (2005).

accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before the Commission;

- (3) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;
- (4) The Commission retains authority under sections 203(b) and 309 of the FPA, to issue supplemental orders as appropriate;
- (5) If the Proposed Transaction results in changes in the status or the upstream ownership of Applicant's affiliated Qualifying Facilities, if any, an appropriate filing for recertification pursuant to 18 C.F.R. § 292.207 shall be made;
- (6) Applicant shall make appropriate filings under section 205 of the FPA, as necessary, to implement the Transaction;
- (7) Applicant must inform the Commission of any changes in circumstances that would reflect a departure from the facts the Commission relied upon in authorizing the Proposed Transaction;
- (8) Applicant shall account for the Proposed Transaction in accordance with Electric Plant Instruction No. 5, Account 102, Electric Plant Purchased or Sold, and Account 114, Electric Plant Acquisition Adjustments, of the Uniform System of Accounts. Applicant shall submit the final accounting entries within six months of the date that the Proposed Transaction is consummated, and the accounting submissions shall provide all the accounting entries and amounts related to the transfer along with narrative explanations describing the basis for the entries; and
- (9) Applicant shall notify the Commission within 10 days of the date that the disposition of jurisdictional facilities has been consummated.

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation – West under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 C.F.R. § 385.713.

Steve P. Rodgers
Director
Division of Electric Power Regulation – West