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News Release

PSC Reduces Cost for Consumers in Georgia Power Fuel Case Decision

Atlanta, March 11, 2010 — The Georgia Public Service Commission (Commission) today approved by a 4-1 vote an agreement to settle issues in the Georgia Power Company request for an increase in the Company's fuel cost recovery rates. The decision by a majority of the Commission means a lower increase in the monthly fuel rate, as well as other mechanisms to keep future fuel costs in check.

The agreement means consumers will see a lower fuel rate than originally proposed by the Company. Georgia Power customers using an average of 1000 kilowatt hours a month will see an increase of \$5.59 in their bills beginning April 1, 2010.

The agreement contains a number of items that will benefit consumers. By collecting the under collected balance of fuel costs, fuel that Georgia Power has already purchased, over a 42-month period beginning April 1, the Company will be able to take advantage of lower interest costs and lower fuel costs to bring the balance down to zero as quickly as possible. The current under collection balance is now \$683 million. The Commission approved the 42-month collection period on a motion by Commissioner Doug Everett.

The agreement sets up a mechanism to keep future under collected balances from reaching the huge balances which have accumulated in the past. The Interim Fuel Rate (IFR) will allow the Company to increase the fuel rate should the under collected balance reach more than \$75 million of the projected fuel budget. However the IFR can not exceed 10 percent of the current fuel rate and may not be adjusted more than three times in one year. Any increases in fuel rates through the IFR are subject to Staff review and Commission approval.

A request for an increase in the fuel cost is not the same as a request for an increase in base rates. Georgia law allows electric utilities to recover their fuel costs, prudently incurred, on a dollar for dollar basis (O.C.G.A. 46-2-26). The utilities are not allowed to make a profit on their fuel costs. The Commission can also, on its own request, require a utility to file a fuel cost docket.

Georgia law also requires the Commission to issue a decision on the Company's request within 90 days of the Company's filing. Otherwise, the Company's request goes into effect. The statutory deadline for this docket is March 15, 2010.

The Commission held a full day of hearings this year on February 22 at which the Company, Commission staff, other interested parties, also known as intervenors, and the public were allowed to present testimony and evidence in support of their positions in this case. There were five intervenors in this docket representing consumers, commercial and industrial customers. The Commission heard from 13 witnesses during the hearing.

At the conclusion of the hearings, the Company and the Public Interest Advocacy Staff reached agreement on a stipulation – or negotiated settlement – on the issues in this docket. Stipulations are often used to settle contested cases in a way that benefits all parties in the proceeding.

You can find more information on this rule under Docket Number 28945 on the Commission web site at <http://www.psc.state.ga.us>.

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