



GPSC News

Making Business and Safety Decisions Affecting Tomorrow

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Winter 2002

Commission Lowers Georgia Power Rate Request

- *\$354 million reduction over three years
- *Average residential rate drops \$1.40 per month
- *Return on equity 12.5%
- *Senior citizen discount increased to \$10.50 per month

The Commission approved a \$354 million reduction in Georgia Power Company's rates in a decision handed down December 20, 2001. The decision means the



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2 average residential customer bill will decrease by \$1.40 a month. The Commission vote was 4-1, with Commissioner Robert Baker voting no. Commission Chairman Lauren "Bubba" McDonald, Jr, said, "It's unprecedented that consumers have en-

joyed rate reductions of more than \$1.2 billion since 1998. The lights are still on; Georgia Power is well managed and is making sure that there is power for generations to come. The end result is the consumer

is the benefactor." In its decision, the Commission adopted a three-year accounting order rather than the five-year plan the Company requested. The terms of the accounting order are: rates would

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Commission Begins AGL Earnings Review

5 The Commission kicked off hearings on Atlanta Gas Light Company's (AGLC) earnings on December 17, 2001. Commission staff member Bolin Killings and economists John Legler and Lane Kollen testified that AGLC is over earning by \$33 million. AGLC has filed a



Bolin Killings and Lane Kollen Testify in AGL Hearing

cost of service study that seeks a \$50.3 million rate increase. AGLC will

present its case in hearings that will begin February 11-15, 2002. Additional hearings for rebuttal are set for April 8-12, 2002. The Commission is scheduled to make a final decision during a special Administrative Session on April 29, 2002.

Burgess Takes Helm As Chairman

Commissioner David Burgess started his one-year term as Commission Chairman on January 15, 2002, taking over the reins of leadership from outgoing Chairman Lauren "Bubba" McDonald, Jr. Burgess, now in his fourth year on the Commission, is also the first African-American to hold the Chairmanship.

"I am pleased and excited about this job. We certainly have a number of challenges ahead of the Commission this year, including the Atlanta Gas Light Earnings Review, continuing to monitor natural gas de-regulation and the Savannah Electric rate case," Burgess



said. Governor Roy Barnes appointed Commissioner Burgess to the Commission on April 8,

1999. He won election to a full six-year term in 2000. Burgess graduated from Georgia Tech in 1981 with a Bachelor of Science Degree in Electrical Engineering. Commissioner Burgess began his PSC career as a public utilities engineer, rose through the ranks in six years to become the Commission's Director of Rates and Tariffs; and served as the Director of the Commission's Telecommunication Unit for two years prior to his appointment.

If you have a story for the next GPSC News, please send to Bill Edge, bille@psc.state.ga.us. Next issue deadline is April 15, 2002.

Georgia Power Rate Case Decided

be set at a return on equity (ROE) of 12.50%; a reduction in company revenues of \$354 million; a reduction in average monthly residential bills of \$1.40; and an earnings band of 10% to 12.95%. Any earnings above the band would be split between ratepayers and the company, with all ratepayers receiving 2/3 and the Company

1/3. The Commission's order provides that as long as earnings remain within the band, the Company may not seek a new rate case. The Commission also approved an increase in the Senior Citizen discount to \$10.50 per month from the current \$7.50.

Georgia Power had filed a rate hike request seeking an additional \$103 million in revenues

per year over the next five years that would have increased residential rates by 1.2% per year on average. The Commission decision follows extensive hearings on the rate case. The new rates became effective January 2, 2002.

Savannah Electric Files Rate Case

Savannah Electric and Power Company (SEPCO) filed its request for a rate increase with the Commission on November 30, 2001. In its filing, the Company is asking for an increase in its base rates for the first time since 1986. SEPCO says the increase would include

recovering costs for 200 megawatts of new generating capacity to meet growing customers demand for electricity. The Company says the additional generating capacity will come from a new, state-of-the-art power plant in west central Georgia that will begin operations in June 2002.

SEPCO says in order to offset the request base rate increase, the Company will file for a reduction in its Fuel Cost Recovery Allowance in April 2002. The Commission will make a decision on the SEPCO rate case in May 2002. Public hearings will be held in Savannah February 6-8.

Commissioners and Staff Make Presentations to Senate Study Committee



Commission staff presented facts and figures to the members of the State Senate Natural Gas Study Committee which held three meetings in December. Utilities Director Tom Bond, shown in the photograph at right, gave the Committee members an update on why natural gas prices had risen to such high levels last winter and why Georgia's rates are still higher now. Bond discussed several possible



Tom Bond speaks to Senate Natural Gas Study Committee

explanations though Commission staff cannot pinpoint any one specific reason. Bond says Georgia's natural gas marketers are carrying large amounts of debt from the disconnects due to the moratorium that the Commission imposed last winter. He noted also that marketers failed to safeguard against bad debt by requiring deposits. He also pointed out the marketers no longer have an economy of scale in buying power as Atlanta Gas Light did under regulation.

Consumers Affairs Director Phil Nowicki briefed committee members on the implementation and rulemaking required of the Commission under Senate Bill 217, passed in the 2001 General Assembly. Dr. Nowicki noted that the Commission provides monthly gas marketer price updates to Georgia Public Television. The Commission has also proposed rules governing the use of the Universal Service Fund to assist low-income consumers as SB 217 requires. He noted that



Phil Nowicki briefs Committee

the Commission has earmarked \$15 million from the U.S.F. for low-income assistance for natural gas bills. He said \$5 million of this money is being distributed by the Department of Human Resources as matching grants with federal energy assistance grants while \$2 million will go to all low-income households. Another \$8 million will go to senior citizens as \$50 credits on their bills from November to March.



Commissioner McDonald

Commission Chairman Lauren "Bubba" McDonald, Jr and Commissioner Robert Baker presented their viewpoints on problems with natural gas deregulation to the Senate Natural Gas Study Committee at its December 14 meeting in Conyers. Chairman McDonald says needless tinkering with deregulation will "over regulate deregulation." Commissioner Baker introduced Commission staff members available to provide information to the Committee.



Commissioner Baker



NARUC 2001 Annual Convention

Commissioners and staff participated in the 113th annual convention of NARUC (National Association of Regulatory Utility Commissioners) recently in Philadelphia, Pa. Commissioners Lauren "Bubba" McDonald, Stan Wise and David Burgess all took an active part. Commissioner McDonald moderated two panel discussions, the Joint Subcommittee on Nuclear Issues and Waste Disposal and the Subcommittee on Strategic Issues. NARUC staff and federal officials updated the audience and provided an update on the



Commissioner McDonald (r) moderates panel discussion along with Commissioner Leroy Koppendray of Minnesota

Yucca Mountain Nuclear Waste Disposal site. Other speakers discussed security measures at U.S. electric industry facilities. Commissioner McDonald also moderated a panel discussion on Emerging Nuclear Markets and Technologies. Among the speakers were William Magwood from the U.S. Department of Energy, Ron Simard, Nuclear Energy Institute and Paul Pugmire, Argonne National Laboratory.

Wise Elected To Top NARUC Post

Commissioner Stan Wise was elected as NARUC second vice-president during the associations annual convention in Philadelphia. Wise is in position to assume the presidency of the group in November 2003 during its annual convention in Atlanta, Georgia. Wise must go through the normal nomination process in or-



der to be elected President. Commissioner Wise is serving his second term on the Commission, having been first elected in 1994 and re-elected in 2000. He is a past president of SEARUC (Southeastern Association of Regulatory Utility Commissioners.) He also serves on the Board of the National Regulatory Research Institute.

Burgess Leads Disconnect Panel

Commissioner David Burgess updated his NARUC colleagues on the status of natural gas customers in Georgia who have been disconnected for nonpayment of their natural gas bills. In his presentation, Burgess noted the unusually cold winter of 2000-2001 combined with high natu-



ral gas prices led to many consumers being unable to pay their bills. Burgess said that since the end of the disconnection moratorium last winter, about 55,000 customers disconnected for nonpayment remain off the system. The Commission has appropriated money to help those try to get their gas reconnected.

Commission Approves Provider of Last Resort



The Commission on December 18, 2001 established a provider of last resort (POLR) for customers disconnected from their natural gas service for nonpayment between April 1 and December 31, 2001. The Commission designated Infinite Energy of Gainesville, Florida as the Provider. Estimates of the numbers of disconnected customers range as high as 50,000. Under the Commission plan, Infinite would sign up disconnected customers with no requirement to pay past due amounts to their

previous marketers. Customers would have to pay a \$150 deposit and would pay ten cents per therm higher than Infinite's current market rate. Customers will not be allowed to switch to another marketer during this period. Customers would have to have been disconnected between April 1 and December 31, 2001 to be eligible. The program expires on June 30, 2002. Infinite also agreed to collect any past due amounts for other marketers for a 25 % collection fee. The Commission vote was 3-2

with Commissioners Lauren "Bubba" McDonald and Stan Wise voting no. Commissioner David Burgess said he changed his initial vote after learning of the death of an 8-year old boy in a house fire that apparently started from a space heater placed too close to drapes. Burgess said the gas to the house had been disconnected. Three marketers have also stepped forward to offer their own last resort plans to their own customers. They are Georgia Natural Gas, SCANA and Shell Energy.

Under the Gold Dome



The Georgia General Assembly got underway January 14, 2002 facing two tough issues, budget cuts and natural gas deregulation, in the final year of the 2001-2002 session. Lawmakers introduced several bills dealing with natural gas, ranging from reregulation to customer service issues. Governor Roy Barnes also pre-

sented his fiscal year 2002 amended budget and his 2003 budget to state lawmakers. Both budgets contain cuts but yet increase overall state spending. The Governor's fiscal year 2003 budget would give state employees a 2.5% pay raise beginning October 1, 2002. Lawmakers want to make this session a quick one since it is an election

year and they are legally prohibited from receiving campaign contributions while the General Assembly is in session. In addition, lawmakers were in session five months last year due to the special sessions in August and September called for reapportionment and other issues.

Governor's Consumer Natural Gas Task Force Underway

Governor Roy Barnes Consumer Natural Gas Task is expected to make its recommendations during the General Assembly session. Both Commissioners and staff have been heavily involved in task force meetings and deliberations. Natural Gas staff provided extensive information requests to

the task force on the implementation of natural gas deregulation, natural gas pricing, potential legislation and natural gas market concentration. All five Commissioners are on the task force. Wayne Clough, President of the Georgia Institute of Technology, is the task force Chairman.

Governor Barnes appointed the Task Force after expressing "profound concerns" about the impact of natural gas deregulation on consumers. Barnes said he was concerned that Georgia consumers are paying higher retail gas rates than others in regulated markets.



Commission Rulings

Commission Removes Limitations on Customer Switches

The Commission November 20 approved the removal of limitations on natural gas customers' ability to switch marketers. The 4-1 vote, with Commissioner Stan Wise dissenting, repeals the "Request Off Non-Pay" (RONP) rule that took effect on May 15, 2001. Under the RONP rule, customers who left their original marketer owing an unpaid balance and then switched to a second marketer were prohibited from going to a third marketer until they had paid the

balance owed to the first marketer. Currently there are 100,000 natural gas customers with RONPs on their accounts. The RONP repeal is effective immediately.

Commission Approves Additional Low-income Assistance

The Commission December 4 voted to earmark \$5 million from the Universal Service Fund to provide further assistance to low-income consumers with their outstanding natural gas bills. The plan calls for the Department of Human Resources to disburse these

monies in the following fashion: \$2 million will be used to assist low-income senior citizens and \$3 million will be used to assist low-income households meeting federal poverty guidelines. The Commission action brings to \$15 million the total monies the Commission has distributed this year from the Universal Service Fund to assist low-income customers in paying their natural gas bills. This vote does not apply to any area served by United Cities Gas Company.

Commission Gives To Charity Drives

During the month of November, the Commission sponsored its 4th Annual Food Drive. Members of the Commission participating in this endeavor were particularly generous this year, as was evidenced by the large quantity of non-perishable items that were donated to this excellent cause. All food items contributed by the Commission were provided to the Atlanta Community Food Bank for distribution to needy



Helen O'Leary (l), Pat Welcome

Georgians.

Commission employees also displayed their generosity by supporting the annual State Charitable Contribution Drive. The Program works to strengthen the community by supporting health, welfare, educational and environmental programs. The Program Coordinator is Pat Welcome .

Commission Approves Motions Relating To Natural Gas Deregulation

The Commission November 6 approved a motion by Commissioner Stan Wise that directs staff to begin a review of whether uncollectible revenue (or a large number of customers' failure to pay their bills) is the reason that retail

natural gas rates are not tracking wholesale prices. "This is a proactive move to find the facts," said Commissioner Wise.

The Commission passed a second motion that directs its staff

to work in conjunction with the National Regulatory Research Institute to study the impact of deregulation and to compare Georgia's retail natural gas rates with other states.

Commission Celebrates Holidays



Commissioner Wise fries up turkeys for Thanksgiving feast

Commission employees gathered to celebrate the holidays with food and fellowship for Thanksgiving and Christmas. For the Thanksgiving luncheon, Commission Vice-Chair Stan Wise displayed his culinary skills and fried several turkeys in the Commission courtyard for the Thanksgiving banquet. Commission Lauren "Bubba" McDonald also brought in homemade cornbread and cookies. Special thanks to Renee Shadix for coordinating these wonderful



Commission staff enjoys the Christmas potluck luncheon



New Employees

We'd like to welcome **Tim Franklin and Ralph Stamp** to the Commission. Both reported aboard November 1, 2001.



Tim Franklin (I) is a pipeline safety inspector. Before coming to the Commission, Tim worked for Atlanta Gas Light in distribution and service. He is a veteran of the U.S. Marine Corps and is attending Gainesville College.



Ralph Stamp

Ralph returned to the Commission as a Utilities Analyst after having worked for the Commission on a contract basis since March 1998 and as an employee from January 1982 through July 1994. Ralph says, "it's nice to be back aboard as an employee." He has a B.S. in Accounting from the University of Baltimore.

Sympathies

The Commission lost two employees unexpectedly in December and January. Our sympathy goes to the family of **Synthia Morris** who passed away suddenly on December 5, 2001. Synthia was an Information Referral Specialist in the Consumer Affairs Section and had been with the Com-

mission since September 1999. She was 39 years old and is survived by her two sons, Brian and Brynt, her mother, Erma, and her sister, Daphny. **Carol Green**, also in Consumer Affairs, passed away suddenly on January 4, 2002. She is survived by two sons, Antaneal Cantrell and Roy Knox. She had worked

for the Commission since November 1, 2001 as a temp with TRC. We also extend our sympathy to **Bill Edge** and his family on the death of his mother, Elizabeth Edge, on December 24, 2001. Bill is the Public Information Officer for the Commission.

State Holidays for 2002

Governor Roy Barnes has designated the following State Holidays for 2002:

New Years Day 2002— January 1st- Tuesday

Martin Luther King Jr.'s Birthday—January 21st.

Robert E. Lee's Birthday – January 19th, will be observed on Friday, November 29th

President's Day—February 18th, will be observed on Thursday, December 26th

Confederate Memorial Day—April 26th—Friday

Memorial Day—May 27th

Independence Day –July 4th

Labor Day—September 2nd

Columbus Day—October 14th

Veterans' Day—November 11th

Thanksgiving Day—November 28th

Christmas Day—December 25th



Commission Calendar

February

5-Administrative Session
6-8-SEPCO Hearings
14-15-AGL Earnings Review
14-Committees
19-Administrative Session
28-Committees

March

4-7 Bellsouth Generic Hearing
5-Administrative Session
14-Committees
19-Administrative Session
27-29 SEPCO Hearings

Commission Calendar

April

1-Administrative Session
8-12-AGL Earnings Review
11-Committees
15-Administrative Session
24-25 SEPCO Hearings
25-Committees
29-Special Administrative Session, AGL Earnings Review

NARUC

Winter Meeting
February 10-13, 2002
Washington, D.C.
Summer Meeting
July 28-31, 2002
Portland, Oregon
Annual Convention
November 10-13, 2002
Chicago, Illinois

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