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*Fuel Cost Recovery*

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## ***Background***

- **The Fuel Cost Recovery (FCR) Mechanism has been in effect since 1979**
- **In 1979, the Georgia Legislature passed the Fuel Cost Recovery Statute: O.C.G.A § 46-2-26**
- **Electric utilities are allowed to recover from customers monies spent for the purchase of fuel**
- **Companies are allowed to recover 100% of eligible fuel costs as defined by state law**
- **Fuel costs can be increases or decreases**
- **Georgia Power Company and Savannah Electric and Power Company, the two-investor-owned utilities must receive Commission's approval to recover fuel costs**

**Georgia Law:**

- **Requires FCR proceedings**
- **Public hearing**
- **Decision 90 days after the utility files its application**
  - **If decision is not rendered, the rates proposed by the utility become effective**
- **Prohibits automatic increases**
- **Requires specific information to be filed**
- **Requires testimony under oath**
- **Allows formal intervention by customers**
- **Allows Staff and intervenors the right to examine all utility books and records**
- **Requires Monthly information to be filed**
- **Allows disallowance of illegal or clearly imprudent fuel costs**

## The Approval Process:

- **Procedural and Scheduling Order (P&S) is prepared**
  - P&S can be prepared before or shortly after the Company's filing
  - Staff prepares a P&S for approval by the Commission
  - The P&S identifies the issues, procedures to be followed, establishes discovery procedures and the schedule of events the case will follow
  - Staff works with the Executive Secretary in establishing hearing dates and location of hearings
  - P&S is presented at Energy Committee Meeting. Staff presents item at Committee. It is open for discussion by All parties of record including public
  - P&S is presented at Administrative Session for approval. Staff presents item at Sessions. It is not open for discussion by All parties (sometime exceptions are made)
  
- **Application filed.** The Company files a FCR application including testimony of witnesses.
  
- **FCR Applications are filed as needed.**
  
- **90 Days to Render a Decision.** 90 calendar days after the application is filed, the Commission must render a decision. If decision is not rendered by Commission, the rates proposed by the utility become effective.
  
- **Review of Company's Filing.** Staff and Intervenors Reviews Company's filing.
  
- **Data Requests are issued for explanations, clarification and request of additional information**

## *Approval Process*

- **Staff and Intervenors file Direct Testimony**
- **Company Files Rebuttal**
- **Hearings are held.**
  - Witnesses are sworn and testifies.
  - Attorneys cross-examine witnesses.
- **Decision.** Decision is made by Commission at Administrative Session.
- **Final Order.** An order is prepared which reduce the Commission's decision to writing.
  - **Order must be signed before statutory deadline**

# *Recent Cases*



**Georgia Power Company**  
**2005 FCR**  
**Docket No. 19142-U**  
**Decided: May 17, 2005**

Major Issues	Proposed by Company	Proposed by Staff	Approved by Commission
Amortization period for under-recovered deferred fuel	12-months	36-months	48-months
Financing cost	Short-term debt rate	Short-term debt rate	Short-term debt rate
FCR Rate Design	Base fuel rate (BFR), prior period under-recovery factor (PRUF), Dead band & TFR	Base fuel rate (BFR), prior period under-recovery factor (PRUF), no Dead band & TFR	Base fuel rate (BFR), prior period under-recovery factor (PRUF), no Dead band & TFR
\$1.3 million removed for the replacement energy costs resulting from unscheduled outages	No	Yes	Yes
Initiate an investigation in MFRs for FCR Filings	No	No	Yes Proposed by GIG/GTMA