GEORGIA PUBLIC SERVICE COMMISSION

NEWS RELEASE

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FOR IMMEDIATE RELEASE:
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PSC HEARING ON ATLANTA GAS LIGHT COAL TAR CASE SCHEDULED

April 16th,1:00 p.m. and April 17th,10:00 a.m.

ATLANTA -- Hearings begin April 16th on questions surrounding Atlanta Gas Light Company's (AGL) use of an environmental fund paid for by ratepayers. Since October of 1992, ratepayers have been intermittently paying into an environmental cost recovery fund for the cleanup of twelve former manufactured gas plants throughout the state. Concerned the clean-up of the sites was not moving at an adequate pace, the Georgia Public Service Commission (PSC), in October of 1996, ordered AGL to file a strict clean-up schedule. The PSC also prohibited the utility from billing ratepayers for payment of any damage awards, including punitive damages, as a result of any litigation caused by the pollution. In May of 1997, AGL filed suit in Fulton Superior Court arguing the PSC lacked the authority to intervene in environmental matters and should not have amended the original 1992 decision without allowing all parties to present evidence in a full hearing. The PSC rescinded its order in favor of a public hearing on the matter scheduled for 1:00 p.m., Thursday, April 16th and 10:00 a.m. April 17th.

Before pipelines made natural gas widely available in the 1950's, gas was manufactured in plants for local use. The plants burned coal and oil at extremely high heat to produce gas. The process left behind a coal tar by-product that contains substances linked to cancer and other ills. Environmental concerns about the sites surfaced in the 1980's as the plants had been vacated with the coal tar still embedded in the soil. In 1985, the U.S. Environmental Protection Agency issued a report identifying 1,500 former manufactured gas plant (MGP) sites throughout the United States. Atlanta Gas Light Company or its predecessor companies owned and operated many of the MGP sites in Georgia and Florida.

Since September of 1992, AGL has been allowed to recover its cleanup related costs through a surcharge on ratepayer bills. Depending on the balance in the fund and the therms used, the average ratepayer pays no more than 5 cents per month. The fund came into question following a 1996 PSC audit that suggested the bulk of the cleanup costs paid for legal expenses while minimal cleanup had been completed. Through September of 1997, AGL has reportedly incurred $27.3 million in total expenses with $14.4 million of that figure attributable to legal expenses. According to the company's 1997 annual report to shareholders, AGL estimates cleanup efforts could cost as low as $37.3 million or as high as $76.5 million.

In March, the Court of Appeals rejected AGL's appeal to throw out an arbitrated decision in the amount of $4.5 million awarded to the Trinity Christian Methodist Church and other property owners in the vicinity of an Augusta site. The company agreed to pay $2,833,877 to settle 188 other claims in the same Augusta settlement. Properties involved will be conveyed to AGL who intends to restore the property to productive use after clean up is completed.

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