

GEORGIA PUBLIC SERVICE COMMISSION

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NATURAL GAS COMPETITION TO START IN NOVEMBER

ATLANTA -- Beginning in November, customers of Atlanta Gas Light Company (AGL) will have a choice in who sells them natural gas. The Georgia Public Service Commission (PSC) Thursday issued rules deregulating the natural gas market bringing consumers more choices, better service and lower prices. Georgia will be the first state in the nation to fully open the gas market to competition at the residential level.

Consumers are already being contacted by some of the fifteen or more marketers who plan to sell them gas this November. The marketers must apply for PSC certification by July 16 in order to compete in the fall. Five marketing companies have signed-up thus far including PS Energy Group, Inc., Williams Energy Services, Shell Energy Services, PG&E, and Enron Corp.

"In the initial stages of competition, consumers can expect to be offered some savings and innovative packaging of other services," said PSC Chairman Bobby Baker. "In the long run, competition could lead to reductions as high as 15%," said Baker.

Under a new state law passed in 1997, the sale of natural gas in the Atlanta Gas Light (AGL) territory will be opened to competition as early as November 1, 1998. Once the market is fully deregulated, AGL will no longer sell gas directly to consumers, but will become a distribution company responsible for transporting gas to homes and businesses. Marketing companies will be responsible for selling gas directly to the 1.4 million customers currently served by AGL. The delivery of natural gas to homes and businesses will not change. The prices charged by AGL to marketers will continue to be regulated because the system remains a monopoly. Marketers will set their own competitive prices to supply customers with gas.

Atlanta Gas Light Company will operate its own marketer that will compete against other marketers. A PSC hearing officer ruled Tuesday the Company may not name the affiliated marketer Atlanta Gas Light Services. The hearing officer reasoned that using the same name and logos would "accrue an advantage" unfair to other competitors and would "mislead the public" as to whom the customer was dealing.

Also on Thursday, the PSC set the rates AGL will charge consumers and marketers during the transition to competition. AGL had requested an \$18.6 Million annual increase in rates. Instead, the PSC voted to decrease the utility's revenue by \$7.4 Million. Some ratepayers will see nominal decreases. However, because transitional costs will be incurred before competition is fully developed, some consumers could see nominal to moderate increases.

The PSC, AGL and marketers will now embark on a public awareness campaign aimed at alerting the public to pending competition. A \$14 Million budget has been setup to begin notifying the public of issues surrounding competition.

Components of Thursday's decision: [Note: The PSC is expected to be asked to reconsider on many of the issues listed below]

Customer Information: Certified marketers will not be permitted access to basic customer information until authorized by the customer.

Switching Fees: Consumers are permitted to change gas providers once during a given year without being assessed a switching fee. AGLC will be permitted to charge a fee of \$7.50 to marketers for additional switches.

Meter Ownership: Third parties, including marketers, will not be allowed to install meters separate from that of the distribution company (AGL). The PSC did not vary from the staff recommendation because of a concern that the PSC would no longer have jurisdiction over safety issues related to meter operation by an unregulated marketer. Marketers are allowed, however, to place their own indexes on the meters.

Ancillary Services: Marketers may choose to pay AGL to provide services such as meter reading, billing and collections to certified marketers at regulated rates until a fully developed competitive market exists.

Daily Balancing: Marketers will be required to balance daily the amount of gas they deliver to Georgia with the amount actually consumed by their customers. However, daily trading of imbalances is also allowed. Marketers are not penalized within a tolerance level of plus or minus 5%.

Electronic Bulletin Board: AGL must have a fully functional interactive bulletin board ready for real time testing by August 1, 1998. This EBB allows marketers to manage their gas supply. If the system is not running by the start-up date of November 1, marketers will not be penalized for daily imbalances.

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