

**GEORGIA PUBLIC SERVICE COMMISSION**

Commissioners:  
Bobby Baker, Chairman  
Bob Durden  
Lauren "Bubba" McDonald, Jr.  
Stan Wise  
(Seat Vacant)

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**PSC CUTS GEORGIA POWER RATES \$834 MILLION OVER THREE YEARS**

ATLANTA – For the first time in over 30 years, a Georgia Public Service Commission (PSC) rate review has resulted in significant rate reductions for Georgia Power customers. The PSC voted 4-0 Friday to cut Georgia Power profits over \$1 billion dollars over three years with \$834 million being applied directly to rate reductions starting in January. Small business customers will see an average discount of 15% percent off base rates. All other customers will see base rate decreases of 5.7% over the period.

"We are in an environment of declining costs and low interest rates," said PSC Chairman Bobby Baker. "The era of building high cost nuclear and coal-generating facilities is behind us and their costs are being paid down. Georgia Power has also done a great job of cutting costs and refinancing debt," he explained.

The bulk of the rate reductions, \$483 million, will go to 213,000 small business customers who have been paying disproportionately higher rates. "Small business customers have been paying more than their share for too long. These rate reductions will close the gap so that small business customers pay closer to their actual cost of service," said PSC member Lauren McDonald. Residential customers will see reductions of \$196 million over the period or 5.7%. Large commercial customers will receive reductions of \$147 million or 5.7%. Outdoor lighting customers will receive discounts of \$7.5 million or 5.7%. Georgia Power has 1.8 million customers.

Under the plan, rates in 1999 will be cut \$262 million and at least \$286 million during the second and third years. An additional \$255 million in earnings will be used to accelerate depreciation of regulatory assets. The Company's rate of return was capped at 12.5% return on equity. The first \$50 million earned over 12.5% goes to accelerate depreciation. Two-thirds of any earnings after the first \$50 million will be shared with ratepayers with the remaining third going to the Company.

"We all benefit in the long-run," PSC member Stan Wise said of the plan to accelerate depreciation. Faced with unprecedented electricity demand and high inflation in the 1970's and 1980's, regulators kept rates reasonable by deferring costs over an extended period of time. By paying down these costs, Georgia Power's revenue requirements shrink and

ratepayers save money. "Evidence presented in the case suggests that for every \$1 Georgia Power pays down on deferred costs, ratepayers save \$3 in future rates," he added.

The last time a PSC rate case resulted in significant reductions was in 1964. "This case demonstrates the benefits that result from diligent, applied effort and analysis," said Commissioner Bob Durden. "The ratepayers richly deserve it. Consider it a Christmas present that lasts three years," he said.

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