



NEWS RELEASE
GEORGIA PUBLIC SERVICE COMMISSION

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**PSC Action Will Reduce Electric Bills For Customers
of Savannah Electric And Power Company**

ATLANTA – Today the Georgia Public Service Commission (Commission or PSC) ruled on Savannah Electric and Power Company's (Company) Request for a Rate Increase and the Company's Request to Reduce Fuel Cost Recovery Rates. Commissioner Lauren "Bubba" McDonald pointed out that the combined effect of these two decisions would be a reduction in residential electric bills of approximately 7 ½%. In its decisions, the PSC:

- Reduced fuel rates by \$13.50 per month for the average residential customer. The fuel component portion of the bill is currently \$49 per month. The new rate will be around \$35.50.
- Denied the Company's request for a \$24 million revenue increase. Instead, the PSC granted only \$7.8 million in additional revenue and lowered the allowed return on equity (ROE) to 12% from 15%, the ROE set in 1985 during the Company's last rate case. As a result, average residential customers will pay an estimated \$5.50 more each month for basic service.
- Increased the low-income senior citizen discount to \$10.50 per month from the current \$7.00.
- Approved an increase in the returned check fee from \$7.50 to \$25.00.
- Approved a late payment fee of 1.5% or \$1.00, whichever is greater, but only for those accounts with outstanding balances of \$20 or more.
- Approved a new economic development high load factor rate to attract new businesses and to keep existing businesses that meet certain size and electric usage criteria.

In addition to the rate changes, the Commission set a fuel cost recovery band of plus or minus \$15 million. This mechanism will prevent wide swings in fuel rates due to over- or under-recovery of fuel costs. Exceeding this band will trigger a PSC review of the Company's fuel costs.

Chairman David L. Burgess said, "The PSC's decision strikes a balance between satisfying the Company's revenue requirements and addressing the financial market issues raised in this case. More importantly, the customers will see an overall reduction in their electric bills starting June 1, 2002. Residential consumers with average usage of 1,200 kilowatt hours will see a net decrease of around \$8.00 per month in their electric bills."

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