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News Release

PSC Prescribes Accounting Treatment for Transfer of Property by Savannah Electric; Approves Schedule of Hearings for Georgia Power Fuel Cost Case

ATLANTA, June 17, 2003 – The Georgia Public Service Commission (Commission) today unanimously ordered Savannah Electric and Power Company (SEPCO or Company) to account for the transfer of 58 acres to its affiliate, Southern Power, at the higher of net book value or fair market value. The land, which will be used to construct a combined cycle generation plant at Plant McIntosh, has a book value of \$16,496. The Company's own appraisal, however, sets the market value of this property at \$226,000. Since the property is a utility asset, Commission staff recommended that its transfer be accounted for at the higher value.

The Commission accepted Commissioner Doug Everett's amendment to the staff's recommendation to require the Company to obtain a new appraisal of the property, since the existing appraisal is over nine months old. In doing so, Commission Chairman Robert Baker said, "We're concerned that SEPCO ratepayers get the full value of this property."

In other action, the Commission approved a schedule for hearings in Georgia Power Company's Fuel Cost Recovery case, filed on May 23, 2003. Georgia Power is seeking a new fuel cost recovery rate that will reflect the increased costs of fuel to meet electricity demands for its service areas. If approved, the proposed rate will increase the average customer's bill by about 2.9 percent, or \$1.60 a month. Hearings are to be held on July 31, 2003 and August 1, 2003. The Commission will issue its decision setting the new fuel rate at its regular Administrative Session on August 19, 2003.

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