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## **Georgia Public Service Commission**

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5-04

### **News Release**

#### **PSC Approves Georgia Power Company's and Savannah Electric and Power Company's Purchase of McIntosh Combined Cycle Units**

May 18, 2004 (Atlanta, Georgia) - The Georgia Public Service Commission (Commission) today unanimously approved the request of Georgia Power and Savannah Electric to purchase the McIntosh Combined Cycle Units 10 and 11 from the Southern Power Company. Commissioners however made it clear that the purchase must follow the Commission's affiliate transaction guidelines which require that, unless otherwise ordered by the Commission, such transactions be recorded at the lower of their cost to the original owner or the facility's fair market value. Commissioner David Burgess noted this process will "inure the greatest benefit to Georgia ratepayers." The Commission will determine in a later proceeding how the purchase will be included in the utilities' rate base.

Georgia Power and Savannah Electric had requested direction from the Commission to purchase the two natural gas powered units from an unregulated affiliate, Southern Power Company. The Southern Company owns all three companies: Georgia Power, Savannah Electric and Southern Power Company. In December 2002 the Commission approved a 15-year Purchased Power Agreement (PPA) allowing Georgia Power and Savannah Electric to buy electricity from Southern Power Company's McIntosh Combined Cycle Units 10 and 11 starting in 2005.

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