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News Release

PSC Approves New Savannah Electric Fuel Cost Recovery Allowance

Atlanta, October 25, 2004 —.The Georgia Public Service Commission (Commission) today approved by a 3 to 2 vote a new Fuel Cost Recovery Rate for Savannah Electric and Power Company (Company). The new rate would allow the Company to recover a shortfall of \$14 million in fuel costs over the next 12 months with the billing cycle beginning November 1, 2004. Under Georgia law, Savannah Electric is allowed to recover prudently incurred costs for fuel used in electric generation.

The new rate means the average Savannah Electric customer would see their monthly bill increase by about \$13, an increase of more than 13% for the average customer's bill.

The Commission's majority decision also orders the Company to share all gains in its hedging program with its customers. The Commission also designated the costs attendant to the Plant McIntosh/Plant Kraft Transloader as recoverable fuel expenses and ordered the Company to amortize them over a 21-month period beginning November 1, 2004. However in doing so, the Company shall take measures to ensure that the amortized costs of the Transloader are excluded from rate base and non-fuel operating expenses in both its surveillance reports and subsequent base rate proceedings.

A majority of the Commission voted to examine the policy of including non-fuel costs in fuel cost recovery cases as part of Savannah Electric's upcoming base rate case.

For more information on this docket, click on the Commission website, www.psc.state.ga.us and enter Docket Number 19042.

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