



Contact: Bill Edge
Phone 404-656-2316
Fax 404-656-3020

Georgia Public Service Commission

244 Washington St., S.W.
Atlanta, Georgia 30334
Phone: 404-656-4501
Toll free: 800-282-5813
Web: www.psc.state.ga.us

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News Release

PSC Approves Cut in Georgia Power Rate Request

Atlanta, December 21, 2004 - The Georgia Public Service Commission (Commission) today in a 3-2 vote approved a decrease in the Georgia Power Company (Company) rate hike request filed on July 1, 2004. The Commission cut the Company's request by more than 41%, reducing their \$328 million request by more than \$134 million. This means the average residential customer will see a \$3.10 increase in their monthly Georgia Power electric bill.

"Georgia Power's rates will remain below the national average by more than 20% and still lower than the rates were ten years ago," said Commission Chairman H. Doug Everett, "Georgia Power customers will continue to have some of the lowest electric bills in the country and good reliability." Commissioner David Burgess noted this decision will bring reliability, affordability, continue good quality of service and incite innovation by the Company.

The Commission decision follows extensive hearings on the rate case this fall. The new rates will take effect January 1, 2005.

More information on this issue can be found on the Commission website, www.psc.state.ga.us, under Docket Number 18300.

In its decision, a majority of the Commission on a 3-2 vote adopted a stipulation agreed to by the Company, the Commission's Adversary Staff, Consumer's Utility Counsel and other parties in the case. The Stipulation provides for a three-year accounting order rather than the one-year rate plan the Company requested. The terms of the accounting order are:

- Rates would be set at a return on equity (ROE) of 11.25% and capped for the next three years.
 - A reduction in the Company's rate request of \$134 million.
 - An earnings band of 10.25% to 12.25%. Any earnings above the band would be split between ratepayers and the company, with all ratepayers receiving 2/3 and the Company 1/3.
 - As long as earnings remain within the band, the Company may not seek a new rate case.
 - An increase in the Senior Citizen discount to \$14.00 per month from the current \$10.50 which is a net decrease of 40 cents in their rates for senior citizens.
 - The Company will increase the non-payment reconnect fee from \$22 to \$50; implement a
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current diversion fee of \$180 per investigation; implement a cost-to-collect fee of \$7; and implement a disconnect and reconnect fee at the pole of \$120.

- Reduce interest paid on customer deposits from 7% to 3%.
- Incorporate approximately \$100 million of new power plant costs in 2005 through 2007 with no additional annual rate increases.

A majority of the Commission on a 3-2 vote also accepted a stipulation (or agreement) with the Company and other affected parties on rate design for the four classes of customers: residential, commercial, industrial and outdoor lighting.

Georgia Power had filed a rate hike request seeking an annual increase of \$328 million in revenues that would have increased residential rates by about 7% per year on average. The Commission last approved a rate increase for the Company in 1991 and has saved ratepayers \$1.2 billion since 1998 in rate reductions.

The following chart compares the Commission's decision, the Company's request and Adversary and Advisory Staff Recommendations.

COMPARISON	COMMISSION DECISION	INITIAL COMPANY REQUEST	ADVERSARY/ COMPANY STIPULATION	ADVERSARY PROPOSED	ADVISORY
RETURN ON EQUITY	11.25%	12.5%	11.25%	9.25%	10.3%
INCREASE IN REVENUES (MILLIONS)	\$194	\$328	\$194	-\$57	\$37.7
PERCENTAGE INCREASE IN REVENUES	4.2%	7.11%	4.2%	-1.93%	0.82%
COMPANY ABLE TO SEEK RATE INCREASE THRU 2007	No	Yes	No	Yes	Yes

In a related issue, a majority of the Commission on a 3-2 vote approved Georgia Power and Savannah Electric's Application to Amend the Certification of Purchase Power Agreement on Plant McIntosh, in Docket Numbers 15392-U and 15393-U, respectively. The decision sets the fair market value of the plants at \$384,945,000 at the time of the transfer from Southern Company Power to Georgia Power and Savannah Electric on May 24, 2004. This decision will ensure the continued reliability of electric generation in Georgia.

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