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News Release

PSC Approves Cut in Savannah Electric Rate Request

Atlanta, May 17, 2005 -- The Georgia Public Service Commission (Commission) today approved a settlement in the Savannah Electric and Power Company (Company) rate case that saves the Company's customers more than \$12.7 million a year. The Commission action cut Savannah Electric's rate request by nearly 60 percent. The settlement means base rates for Savannah Electric residential customers using 1200 kilowatt hours a month will increase slightly by about \$3. Any new rates will take effect June 1, 2005.

The agreement provides for a three-year rate plan that includes:

- Increases Senior Citizen Low-income Discount from \$10.50 to \$14.00 a month. A typical senior citizen using 840 kilowatt hours will see their average monthly bill drop by 80 cents.
- A three-year accounting order that freezes rates for three years thus stabilizing their rates until November 30, 2007.
- A Return on Equity (ROE) of 10.75%
- An earnings band of 9.75% to 11.75%. Any earnings above the band would be split between ratepayers and the Company, with ratepayers receiving 2/3 and the Company 1/3.
- Reduces Savannah Electric revenues by \$5 million a year.

The Commission decision follows extensive hearings in this docket in March and April. Savannah Electric filed their request for an increase in the Company's base rates on November 30, 2004. Under state law, the Commission must issue a decision on the Company's request within six months.

More information on this docket can be found on the Commission's website, www.psc.state.ga.us and clicking on "Major Rate Cases."

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