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News Release

PSC Approves New Georgia Power Fuel Cost Recovery Rate

Atlanta, May 17, 2005 -- The Georgia Public Service Commission (Commission) decision in the Georgia Power Company (Company) request for an increase in its Fuel Cost Recovery (FCR) Allowance means residential customers will see a lower increase in their electric bills. A majority of the Commission voted 3-2 to spread the collection of the under-collected costs over a 48-month period to reduce the impact on the average ratepayer. The Commission decision will allow the Company to collect about \$508 million in under-collected fuel costs incurred since October 1, 2003 as well as future costs for the next year. The new rate will take effect June 1, 2005. The average monthly increase in residential bills will be about \$6.39.

The Commission held hearings in this Docket in April. State law says the Commission must allow the Company to recover fuel costs that are prudently incurred. The law places the burden of proof on the utility but no intervenor or Commission staff offered any testimony to dispute the utility's request. The Company filed for an increase in the FCR on February 15, 2005 and the statute requires the Commission to issue a decision within 90 days of the Company's filing.

A majority of the Commission also voted to:

- Disallow \$1.3 million in expenses due to operator and maintenance error.
- Amortize the under-collection over a 48-month period.
- Establish a \$50 million "dead-band" so that under-collections or over-collections in that amount would trigger a new filing with the Commission.
- Begin a new rule-making process to enhance the fuel cost recovery process and establish Minimum Filing Requirements (MFR) in fuel cost cases.

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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