



Contact: Deborah Flannagan
Phone 404-656-2141
www.psc.state.ga.us

Georgia Public Service Commission

244 Washington St. S.W.
Atlanta, Georgia 30334
Phone: 404-656-4501
Toll free: 800-282-5813

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News Release

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Public Interest Advocacy Staff Team Files Testimony in Georgia Power Company Rate Case

ATLANTA, October 22, 2007 – The Public Interest Advocacy Staff (Advocacy Staff) of the Georgia Public Service Commission (Commission) filed its testimony in the Georgia Power Company (Company) rate case currently pending before the Commission. In its testimony filed today, the Advocacy Staff stated that Georgia Power's rates should not be increased. Instead, the Advocacy Staff argued that they should be reduced \$20 million in 2008.

On June 29, 2007, the Company had filed a request with the Commission for a \$406 million rate increase next year (adding \$6.67 to the typical household's average \$94.55 monthly bill) and seeking an increase of \$642 million over the next three years (pushing bills up \$10.29 by 2010).

The Advocacy Staff's proposed rate reduction was based on a number of differences with the Company's case on items ranging from the level of operating income and the size of the rate base to the Company's attempt to include certain increasing costs (but not increasing revenues or other, decreasing costs) that were outside of the test year that the Company had agreed to and that the Commission had ordered be used to set rates in this case.

The largest of the areas of disagreement was on the appropriate return on equity (ROE) to use to set rates. In its request, the Company asked that rates be set using a 12.5% ROE. The Advocacy Staff stated that the appropriate ROE was 10.25% for a traditional one-year order or 10.75% if the Commission desires another 3-year order. In the last Georgia Power rate case, the Commission set rates for a 3-year order using an ROE of 11.25%. For Georgia Power, each 1.00% in ROE equals approximately \$100 million in increased rates.

The Advocacy Staff is responsible for performing an independent evaluation of the Company's case from the standpoint of promoting the public interest and just and reasonable rates and then advocating for that position. To the extent that it believes that a position of the Company or any other party is not in the public interest or that the proposed rates are not just and reasonable, it opposes those positions and offers alternative positions.

The Commission will hold hearings on the testimony of the Advocacy Staff and on the testimony of Intervening Parties in the case November 5-8, 2007. The Commission will hear the Company's rebuttal testimony November 29-30 and December 3, 2007.

The Commission will issue its decision in the rate case on December 20, 2007, with new rates going into effect in January 2008. In issuing its decision, the Commission must balance the right of the Company to have an opportunity to earn a reasonable rate of return on its investment against the right of ratepayers to just and reasonable rates.

More information on this case can be found on the Commission website, www.psc.state.ga.us, under Docket Number 25060.

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Georgia Power Company (GPC)	Public Interest Advocacy Staff
<ul style="list-style-type: none"> The Company is asking for a \$406 million increase in rates and a 12.5% return on equity (ROE) for 2008. If approved, this would add \$6.67 to the typical household's (1000 kWh) average monthly bill. 	<ul style="list-style-type: none"> Advocacy Staff is asking for an \$11 million reduction in rates and a 10.25% ROE for 2008. If approved, this would reduce the typical household's average monthly bill by \$0.23.
<ul style="list-style-type: none"> The Company's request includes recovery of environmental compliance costs mandated by federal and state laws. GPC includes costs which will occur both within the test year agreed to by the Company and after the end of the test year. 	<ul style="list-style-type: none"> The Advocacy Staff's recommendation includes recovery of prudently incurred environmental compliance costs mandated by federal and state laws that will occur within the test year.
<ul style="list-style-type: none"> The Company's proposed test year average retail rate base is \$11,401,485,000.00. 	<ul style="list-style-type: none"> The Advocacy Staff's proposed test year average retail rate base is \$10,984,965,000.00.
<ul style="list-style-type: none"> The Company's proposed test year retail operating income is \$823,531,000.00. 	<ul style="list-style-type: none"> The Advocacy Staff's proposed test year retail operating income is \$902,018,000.00.
<ul style="list-style-type: none"> The Company's proposed 3-year plan would increase rates a total of \$642 million over the next three years and increase the typical household's average monthly bill \$10.29 by 2010. 	<ul style="list-style-type: none"> Advocacy Staff's proposed 3-year plan would increase rates \$28 million and increase the typical household's average monthly bill \$0.66.