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FOR IMMEDIATE RELEASE

25-09

NEWS RELEASE

PSC Will Review Georgia Power Fuel Cost Recovery Case

ATLANTA, December 16, 2009 – The Georgia Public Service Commission (Commission) is reviewing the Georgia Power Company (the Company) request for an increase in its fuel cost recovery rates filed yesterday with the Commission. Following hearings early next year, the Commission will issue a decision on the request in March 2010.

The Company delayed the filing of this request three times from the original filing date of March 13, 2009. According to the Company, this action saved consumers about \$300 million due in large part to decreased fuel costs mainly natural gas. The Company's proposal includes two parts: 1. Part A which collects projected fuel costs through May 2011 at a cost of \$3.9 billion; and 2. Part B which collects the cost of fuel that has already been used to generate electricity but has not yet been recovered from customers at a cost of \$642 million to be collected through May 2012.

Here are some facts about the Georgia Power fuel cost recovery rate case:

- The Company is seeking an increase of \$470 million in rates to recover its increased costs for fuel, primarily coal, used to generate electricity. If approved, this request would increase the average residential customers' monthly bill by an estimated \$6.98.
- A request for an increase in the fuel cost is not the same as a request for an increase in base rates. Georgia law allows electric utilities to recover their fuel costs, prudently incurred, on a dollar for dollar basis. The utilities are not allowed to make a profit on their fuel costs.
- Georgia law requires the Commission to issue a decision on the Company's request within 90 days of the Company's filing. Otherwise, the Company's request goes into effect. The statutory deadline for this docket is March 15, 2010.
- The Company is proposing seasonal fuel rates which would collect a higher rate during the summer and a lower rate during the winter.
- An Interim Fuel Rider which would allow the Company to adjust fuel rates by a maximum of 10 percent to limit fuel cost under recovery.
- The last time the Company requested a fuel cost rate increase was in February 2008. In that case, Georgia Power sought an annual increase of \$222 million in revenues. Ultimately, the Commission accepted a staff recommendation to approve a stipulation with the Company that reduced the Company's request by \$7 million.
- At its November 19, 2009 Administrative Session, the Commission set the filing and hearing schedule for this case, Docket Number 28945. The schedule is:

- January 29, 2010 – Commission staff and intervenors file testimony
- February 8, 2010 – Company files rebuttal testimony
- February 22-23, 2010 – Commission conducts hearings
- March 11, 2010 – Commission issues its decision in Special Administrative Session

More information on this issue can be found on the Commission website, www.psc.state.ga.us, under Docket Number 28945.

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