



# GPSC News



*Making Business and Safety Decisions Affecting Tomorrow*

Volume 4 Issue 2

Fall 2004

*\*New Fuel Rate Effective November 1, 2004  
\*Allows Savannah Electric to collect \$14 million shortfall  
\*Average bill increase of \$13 per month*

## Commission Decides Savannah Electric Fuel Recovery Rate

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The Commission approved a new Fuel Recovery Cost Allowance rate for Savannah Electric and Power Company during a Special Administrative Session on October 25. The vote was 3 to 2 in favor of the staff's recommendation. The decision allows Savannah Electric to collect a \$14 million shortfall in fuel costs for the 12-month period beginning November 1. This means the average Savannah Electric customer's monthly bill will go up about \$13.

The Commissioners included in the fuel rate the cost of the Plant/McIntosh Plant Kraft coal Transloader over



Commissioners journey to Savannah to listen to testimony in the Savannah Fuel Case

the next 21 months. public spoke in opposition to any increase in Savannah Electric's fuel cost recovery at three witnesses from the

*(Continued on page 2)*

## Georgia Power Rate Case Hearings

Hearings resumed October 25 in the second round of hearings on Georgia Power company's request for an increase in its base rates as Commission Staff and intervenor witnesses presented their testimony.

Staff witness Robert J. Henkes testified for a \$57 million reduction in Georgia Power's rates as compared to the Company's request



Staff Witness Robert J. Henkes Testifies

for an annual increase in rates of \$328 million. Staff witnesses also recommend a return on equity of 9.25% compared to the Com-

*(Continued on page 2)*

# Commission Accepts Award for Natural Gas Market



Chairman Doug Everett accepted the Phoenix Award from the Center for the Advancement of Energy Markets (CAEM) on behalf of the Georgia Natural Gas Market during the group's conference in Washington, D.C. on July 28. CAEM nominated the Georgia Natural Gas Market for its initial Phoenix Award for overcoming the initial implementation challenges and establishing the most effective markets for customer choice not only in the United States but across the globe.



"I am pleased to accept this Award on behalf of those who have contributed to the success of Georgia's deregulated natural gas market," said Everett. In

the long run, Georgia's natural gas consumers who have choice and competition are the ultimate winners."

The Phoenix Award is one of the CAEM Leadership Awards presented to organizations and individuals that have had a significant impact on the develop-

ment of competitive energy markets.

The Center for the Advancement of Energy Markets is an independent, non-profit, public policy think tank founded in May 1999 to promote market-oriented solutions to the challenges that confront the energy industry, other network industries and the nation. CAEM supports an effective transition from the monopoly model of energy regulation to an open-access, customer choice model.

If you have a story for the next GPSC News, please send to Bill Edge, [bille@psc.state.ga.us](mailto:bille@psc.state.ga.us). Next issue deadline is January 15, 2005.

## Savannah Electric Ruling

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lowance. The Commission then heard testimony by witnesses from the Company and the staff. The hearing was held in Savannah at the Offices of the Chatham County Commission.

## Staff Files Georgia Power Testimony

The Commission advocate staff pre-filed its testimony October 8 in the Georgia Power Company rate case. The advocate staff testimony makes the following recommendations:

1. A recommended annual rate decrease amount of \$57,045,000. This represents a reduction of approximately 1.2% from the Company's test year revenues at present rates

compared to the Company's proposed rate increase of approximately 7%.

2. A 9.25% return on equity compared to the Company's request of 12.50%

A 7.35% overall rate of return The Company says its proposed increase would raise the average residential power bill by \$5.25 a month.



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pany's request for 12.50%. The Commission held hearings on the Company's direct testimony on September 20, 21 and 22. Georgia Power President Mike Garrett presented the Company's case-in-chief, followed by witnesses on financial issues, rate design and return on equity. The Company will have present its rebuttal testimony on November 18 and 19.



Georgia Power President Michael Garrett testifies for Company's case

Commissioners will issue their decision in the case at the Regular Administrative Session on December 21, 2004. Since 1991, the Commission has approved NO increases in Georgia Power's base rates.





## Atlanta Gas Light Company Files for Rate Increase

Atlanta Gas Light Company filed for an increase in its base rates on October 15 in accordance with the Commission's 2002 order in AGLC's Earnings Review in Docket 14311-U. The Company says it needs a \$24.6 million annual increase in revenues.

The Company's filing breaks down the revenues requirements as follows:

- Depreciation Expense \$15.6 million
- Distribution Expense—\$2.5 million
- Property Taxes—\$2.4 million



# Atlanta Gas Light

- Other—\$2.3 million (this includes personnel costs)
- The Commission will begin the first round of hearings on January 18, 2005 with the Company's direct testimony. The staff and intervenors will present their testimony during the second round beginning on March 14, 2005 and continuing through March 17. The Company will present rebuttal testimony on April 11 through 14. The Commission will issue its decision during a Special Administrative Session on April 28, 2005. The Commission in 2002 ordered a \$10 million annual reduction in the Company's rates under a three-year accounting order.

## Commission Approves Innovative Rule for Supply Side Resources

The Commission September 21 unanimously approved a groundbreaking innovation to meet the Commission's goal that solicitation of competitive bids for supply-side resources is a fair and open process for all potential bidders. The Commission's cutting edge rule establishes procedures and principles for a Request For Proposal (RFP) process utilizing an Independent

Evaluator whose independence and depth of involvement in the bid process would be unprecedented. Some of the highlights of this new rule include:

- The Commission will select the Independent Evaluator to ensure that affiliates of utilities who solicit bids for purchase power agreements (PPA) do not

receive an unfair advantage.

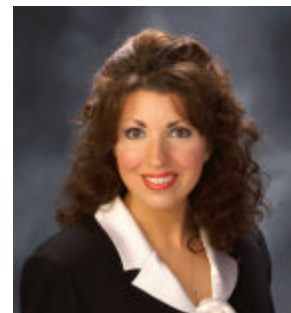
- The rule prohibits any communication between a utility soliciting the bid for the PPA and any affiliate of that utility that intended to submit a bid. The rule further bans any sharing of information between a utility and its affiliate during the bid process unless the same information is shared with all

bidders.

The Commission is expected to select the Independent Evaluator by the end of this year so that the RFP process for future power purchases can begin in early 2005.

## Speir Speaks to EMCs

**Commissioner Angela Speir** spoke August 22 to the Director's Association meeting of the Georgia Electric Membership Cooperative. The gathering was held in North Georgia at the Brasstown Bald Resort.



## Bonbright Center Honors Wise



The James C. Bonbright Utilities Center of the University of Georgia honored Commissioner Stan Wise as its 2004 James C. Bonbright Honoree at the Center's annual Energy Conference in Atlanta, Georgia. Commissioner Wise is currently President of the National Association of Regulatory Utility Commissioners (NARUC). The Center recognized Wise for his active involvement over the years in shaping regulatory policy toward the electric and natural gas industries. Past Bonbright Honorees have included former Commissioners (2003) and Ben T. Wiggins (1983). Lauren "Bubba" McDonald



Commissioner Stan Wise accepts Bonbright Honoree Award

The Bonbright Center was established in 1992 to further understanding of regulatory management, economics and finance. The Center conducts seminars and conferences related to these topics for professionals in the electric and natural gas industries. The Center was named in honor of Professor James C. Bonbright (1891-1985), who was a pioneer active in the field of public utility regulation. Commissioner Wise is serving in his second six-year term on the Commission.

The Bonbright Center was established

## Wise Directs Probe of IDT America

Commissioner Stan Wise October 7 directed the Commission staff to begin an investigation of IDT America, Corporation regarding the billing of Extended Area Service (EAS) calls in Georgia.

During the staff's preliminary investigation of a consumer complaint forwarded



long distance charges for calls

to the Commission by State Representative DuBose Porter (D-Dublin), staff uncovered evidence that the company may be incorrectly billing consumers for

that should have been billed as local calls.

Commissioner Wise stated, "The Commission established Rules for the implementation of House Bill 888 in 1998 which approved certain 22-Mile EAS Routes. It is the expectation of this Commission that all telecommunication companies comply with the Order which

specifically addresses interexchange carrier traffic associated with interLATA routes. The issue raised by this one complaint is troublesome in that this investigation may lead to other consumers who have also been incorrectly billed for local calls." Representative Porter stated, "My concern is the Commission staff's preliminary investiga-

tion appears to indicate a disregard for customers in our area and I look forward to the findings of their investigation into IDT's practices." IDT America Corporation is headquartered in Newark, NJ . If the company is found to be in violation of the Commission order, it would be required to refund any charges that have been billed in error and could

face further penalties up to and including the revocation of their Certificate to operate in the state of Georgia. The Staff should be ready to make a recommendation to the full Commission by late November.



# The "Regulators" Run in Kaiser Permanente 5K



For the fourth consecutive year, the "Regulators" represented the Commission in the Kaiser Permanente Corporate 5K Run/Walk through downtown Atlanta. For the first time, the Commission sponsored a tent for team members to relax and enjoy food and fellowship following the event. The event promotes fitness and fellowship among employees of metro Atlanta businesses and government organizations and raises money to help support the Atlanta



Braves Foundation and the Boys & Girls Club of Metro Atlanta. The "Regulators" included: Commissioner David Burgess, Dan Cearfoss, Jim Bottone, Julia Truss, DeLancey Todd, Bill Edge, John Kaduk, Leon Bowles, Tom Bond, Janey Chauvet, Patrick Reinhardt, Dorothy Buckner, Shaun Rosemond, Sheree Kernizan, Ann McCullough, Bolin Killings, Andrea Bacon, Jamie Barber, Deborah Flannagan,

Veronica Thomas, Lillian Johnson, Gary Mason and Monique Pringle. Thanks to all who took part in the event for a good cause. Also, a special thanks to Commissioner Stan Wise for donating our T-shirts.



Race Participants enjoy food and fellowship under the PSC tent following strenuous race

## Consumer Affairs: We've Got Your Back by Bernard Cameron

The backbone of any service organization is its frontline employees whether it's a bank, restaurant, gasoline station or a grocery store as this may be the only contact that a customer may have with that organization. So, it is critical that the "ambassador" makes the very best of this opportunity to

convey concern, attentiveness, kindness, compassion and understanding to the person on the other end of the line. Our Consumer Affairs Unit is staffed with a director, two assistants to the director (education and enforcement), administrative assistant, three operations analysts, a call center supervisor and seven Information and Referral Specialists. The duties of the Unit are three-pronged in nature. The first prong consists of responding to communications (letters, faxes, Internet, emails, visitations and via telephone) that are received from consumers from across Georgia, and other parts of the Country. The second prong relates to enforcing rules and laws that govern service providers' behavior and protect consumers. The last prong involves outreach and

*(Continued on page 6)*

## Commission Sets DSL Hearings for December



The Commission September 7 approved a schedule for hearings and filing testimony in its proceeding to examine Digital Subscriber Line (DSL) policies in Docket Number 19393. The Commission set hearings for December 14-17, 2004 on this issue. Parties must pre-file direct testimony by November 12, 2004 and pre-file rebuttal testimony by November 22, 2004. Residential telephone customers have complained that BellSouth disconnected their DSL service, or refused to sell them DSL service, once they chose to buy

voice telephone service from one of BellSouth's competitors. In November 2003, the Commission ruled in *Docket No. 11901-U, MCI WorldCom Communications vs. BellSouth Telecommunications, Inc.*, that BellSouth's policy of requiring customers to receive its voice service in order to receive DSL service violated state law as well as the parties' interconnection agreements.

More recently, in *Docket No. 16583-U, ITC^DeltaCom vs. BellSouth Telecommunications, Inc.*, the Commission again

found that BellSouth's policy violated state law. Following these rulings, BellSouth changed its policy for customers of these two companies, but not for those of other competitive local exchange carriers (CLEC).

In addition to examining BellSouth's DSL policies, the Commission will look at the bundling practices of all telecommunications providers that involve the provisioning of DSL and other types of voice service, such as Voice over Internet Protocol (VoIP).

As VoIP becomes more popular, demand for unbundled DSL is expected to increase. If permitted to continue unfettered, unfair bundling practices could slow the introduction of this new service.



## Demand Side Management Group Meets

The Demand Side Management working group has met three times to carry out the Commission's directives in the recent Integrated Resource Plans approved for Georgia Power and Savannah Electric Companies. Staff member Jim Bottone chairs the panel. The group is charged with making a recommendation to the Commission by February 15, 2005 on a



mixture of proposals to reduce energy consumption.

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education – empowering consumers to make decisions to help them better manage their utility bills. We take our jobs seriously because we know that somebody's lights or gas may be turned off or the telephone may be disconnected if we don't intercede on their behalf. We make sure that the

utility has crossed all "T's" and dotted all "I's" before going down the path of disconnecting services. None of us want people, especially our seniors, to be in a cold house in the midst of winter.

During the third quarter of 2004, the Consumer Affairs staff was contacted by more than 2100 consumers with issues related to the electric, natural gas

and telecommunications industries. Eighty-four of these contacts have been identified as "probable violations" which means that staff will take a closer look at these contacts to verify whether a rule or law has been violated.

### Consumer Affairs

If you haven't had the occasion to visit the "friendly folks" in

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# Employee News

## Angel Tree Sponsors Wanted

**By Bernard Cameron**

Helping people is a part of the Commission's rich heritage. Traditionally, rates that were approved have favored the residential class of customers. And, in recent years, financial assistance has been rendered to low-income seniors who are users of natural gas via the Universal Service Fund.

Many of us don't know what it feels like to wake up on Christmas morning and not have a wrapped gift for us under the tree. Now, you can make sure

that the needy child or elderly person will have a true Christmas experience feeling this year. Commission employees have an opportunity to reach out and help through a program called "Angel Tree." Angel Tree is a Salvation Army-sponsored initiative that allows people to "adopt" a child or elderly person to insure that on Christmas Day there will be presents under the tree. In order for a family to participate in this worthwhile program, it must meet very specific verification guidelines as

established by the Salvation Army.

Carolyn Harrison, Consumer Affairs, is spearheading the Angel Tree effort at the Commission. If you are so inclined or if you want to bring a smile to a child's or elderly person's face this Christmas, won't you become a sponsor? Carolyn has a number of "angels" just waiting for you. The package you receive contains the name of the person you adopt, along with clothing and shoe sizes, as well as suggestions for age-specific toys.

## Sympathy

To **Dennis Sewell**, Telecom Engineer, on the passing of his father, Dennis Sewell, Sr. on October 9.

## Farewell

**Helen O'Leary** leaves to take a position with the Office of Early Child Intervention. She has been at the Commission since 1996, serving as Administrative Attorney and Executive Secretary.

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## Consumer Affairs

Consumer Affairs, come on down and visit nature (we have lots of plants) and see the pulse of the Commission. After all, we've got your backs!!!

## Food Drive Begins

Your help is desperately needed to arrest the problem of hunger in our community. For the **7th year** in a row, the Commission will be hosting its annual food drive from **Monday, November 1, 2004, until Tuesday, November 30, 2004.**

Pat Welcome has stepped forward to be our ambassador of good will in heading up this project!

There will be two receptacles to collect the donated food -

stew, chicken, canned fish: tuna, salmon, and sardines;

**Dry milk Items**, like evaporated milk, canned cheese, powdered milk, pudding, and custard;

**Bread and Cereal Items**, such as baking mix, muffin mix, dry cereal, oatmeal, grits, rice, rice cakes, spaghetti, macaroni & cheese, cornmeal, and cornmeal mix;

one in the Executive Secretary's office and one in the break room on the 6<sup>th</sup> Floor - in which you can place your **non-perishable** food stuffs. The food collected will be distributed by the Atlanta Community Food Bank to over 700 community-based not-for-profit feeding agencies.

**The items that are most needed include:**

**Canned Meats**, such as spam, ham, meat-spread, beef

and

**Fruit and Vegetable Items**, like canned fruit, spaghetti sauce, applesauce, canned juices, canned vegetables, canned soups, peanut butter, jellies jams, and dried fruits.



# Commission News



## Georgia State Holidays For 2004

<b>New Year's Day</b>	<b>January 1</b>
<b>Martin Luther King, Jr. Birthday</b>	<b>January 19</b>
<b>Confederate Memorial Day</b>	<b>April 26</b>
<b>Memorial Day</b>	<b>May 31</b>
<b>Independence Day</b>	<b>July 5</b>
<b>Labor Day</b>	<b>September 6</b>
<b>Columbus Day</b>	<b>October 11</b>
<b>Veterans Day</b>	<b>November 11</b>
<b>Thanksgiving</b>	<b>November 25</b>
<b>Robert E. Lee Birthday</b>	<b>November 26</b>
<b>President's Day</b>	<b>December 23</b>
<b>Christmas</b>	<b>December 24</b>

### Commission Calendar



**November**  
 2-Administrative Session  
 10-Committees  
 11-Veterans' Day Holiday  
 12-Committees  
 18-Administrative Session  
 18-19-Georgia Power Hearing  
 25-26-Thanksgiving Holidays

**December**  
 2-Committees  
 7-Administrative Session  
 14-17-DSL Hearings  
 16-Committees

## Commission Calendar

21-Administrative Session  
 23-24-Christmas Holidays  
 30-Committees

**January**  
 3-Holiday  
 4-Administrative Session  
 13-Committees  
 17-MLK Holiday  
 18-Administrative Session  
 18-21-AGL Hearings

**NARUC**  
**Annual Convention**  
 November 14-17, 2004  
 Nashville, Tennessee

**Winter Meeting 2005**  
 February 13-16, 2005  
 Washington, D.C.

**Summer Meeting**  
 July 24-27, 2005

**SEARUC**  
**June 13-16, 2005**  
 Covington, Ky.

**GPSC ONLINE:**  
[www.psc.state.ga.us](http://www.psc.state.ga.us)



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**COMMISSIONERS**  
**H. Doug Everett, Chair**  
**Angela E. Speir**  
**David L. Burgess**  
**Robert B. Baker, Jr.**  
**Stan Wise**

