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Georgia Watch, AARP, and Business Customers Issue Alternative to Georgia Power's Massive Rate Hike Request

ATLANTA, Dec. 7, 2010 – Prompted by a proposed settlement on Georgia Power's massive rate request, Georgia Watch, AARP and other parties to the case are proposing modifications which, if adopted by the Public Service Commission (PSC) would cut in half the potential impact on ratepayers, while lowering the utility's allowed profit margin to industry averages.

Last month, Georgia Power reached a settlement with Public Service Commission staff to reduce its rate increase request from \$1.1 billion to \$844 million. Consumer groups and business interests across the state have voiced strong opposition to the settlement, as it still raises monthly electric bills for the average Georgian by more than \$10 per month in 2011, and increases incrementally to over \$15 per month by 2013.

"In this economy people cannot afford to pay inflated profit margins for necessities like electricity. Many people are struggling to pay their electric bills now, as evidenced by long lines awaiting assistance for energy bills across the state," said Georgia Watch executive director Angela Speir Phelps, a former public service commissioner herself. "The plan we propose is based on the expert witness testimony in the case which supports a much lower profit margin for Georgia Power."

The ratepayers' alternative proposal calls for a \$435 million increase for each of the next three years. In contrast, the GPC-Staff settlement allows Georgia Power a first year increase of \$562 million, a second year increase of \$752 million, and a third year increase of \$844 million – a cumulative increase of more than \$2.1 billion.

The ratepayers' alternative proposal also sets a ceiling of 10.75 percent on the company's allowed profit margin, a figure deemed appropriate by the PSC's own expert witness. Despite the recommendation, the GPC-Staff settlement allows the electric company to earn a profit margin of 12.25 percent.

"It's worth noting that the so-called settlement between the Commission staff and Georgia Power was not agreed to by any group representing residential ratepayers," said AARP associate state director Will Phillips. "The alternative we propose today is a more reasonable approach offered by customers large and small that stands in stark contrast to the wish list proposed by Georgia Power."

Another key element of the ratepayers' alternative proposal requires Georgia Power to refund all excessive profits to customers. In the Georgia Power-PSC settlement, Georgia Power is only required to refund two-thirds of overearnings to ratepayers.

The ratepayers' alternative proposal represents the best interests of average Georgians and includes support from Newnan-based Bonnell Aluminum Company and energy consulting firm Resource Supply Management.

The five-member PSC will hold a final vote on the rate case December 21.