

For Immediate Release

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PSC votes in favor of Georgia Power -- meaning higher rates, again, for consumers

Atlanta, March 20 – Today the Georgia Public Service Commission voted four to one, with Chairman Tim Echols casting the dissenting vote, to approve Georgia Power Company’s request to recoup \$57.5 million in value plus profits when it retires one oil-fired and two coal-fired units, which means ratepayers will be billed as if they were still in use to meet Georgians’ energy needs. One of these units hasn’t been in operation since 2009. In addition, the PSC approved three of four agreements the Company sought to purchase power from other companies to meet unknown future capacity needs, in excess of energy reserve targets, and passing the cost of the unnecessary capacity onto ratepayers. Further compounding the financial burden on customers, the PSC agreed to let Georgia Power collect an additional sum or “bonus” on top of the cost-plus-profits it will earn on the agreements.

At a PSC meeting on March 15, Georgia Watch argued against allowing Georgia Power to earn profits on top of cost recovery for unusable materials and/or plants, but advocated in favor of retiring the two coal units at Plant Branch in Milledgeville and the oil-fired unit at Plant Mitchell in Albany and also in favor of approving two of the four power purchase agreements Georgia Power requested.

“The Commission’s decision to allow Georgia Power to collect a profit on the value of the units it sought to retire in this case has paved the way for the Company to request similar treatment in upcoming cases,” said Clare McGuire, Director of Georgia Watch’s Consumer Energy Program. “To decide that the Company is entitled to earn a profit on retired, dismantled plants flies in the face of regulatory principle that a utility asset is in use and useful to ratepayers.”

In other PSC action today, the Commission approved a rate increase for two new natural gas units scheduled to come online in April at Plant McDonough in Smyrna. This increase was contemplated as part of the Commission’s December 2010 Georgia Power rate case decision, which awarded the Company a \$2.1 billion rate increase, to be phased in from 2011 through 2013. The McDonough-related charge will increase an average-use customer’s bill by 1.7% or \$2.46 per month.

“That’s three rate increases in the first three months of the year,” said Georgia Watch Executive Director Angela Speir Phelps. “With today’s actions, consumers already struggling in this tough economy will see their utility bills go up even more. Once again, the Public Service Commission has put increased profits for a utility monopoly ahead of the interests of Georgia ratepayers.”

Founded in 2002, Georgia Watch is a non-profit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of consumer energy, health care, insurance, identity theft and personal finance.

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