



Contact: Stan Wise
Phone 404-657-4574
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

From the Office of Commissioner Stan Wise
News Release

19-05

Commissioner Stan Wise Issues Response to Editorial in the Atlanta Journal Constitution Today Regarding the PSC's Recently Approved Fuel Recovery Case of Georgia Power Company

Atlanta, May 19, 2005 – Speaker Tom Murphy used to say “If all you knew was what you read in the newspaper, you wouldn’t know much.” I agree with that sentiment when it comes to The Atlanta Constitution’s recent coverage on the Public Service Commission.

The PSC is required by law to allow Georgia Power Company to recover shortages in a fuel fund it uses to generate power for two million Georgians. Through a combination of long-term contracts and spot purchases, Georgia Power uses this fund to buy its coal, natural gas and fuel oil and the balance is periodically trued-up when Georgia Power files a fuel case. These costs are a pass-through to consumers and Georgia Power is prohibited from making any profit on fuel purchases. In past cases, the ratepayer has received rate reductions as a result of over collections. In this case, with a \$508 million shortfall, the average residential customer will see an increase of about \$6.39 per month, or 7.9 percent – much smaller than the increases that have been seen at the gas pump or in natural gas. To reduce rate shock, the Commission order requires Georgia Power to amortize recovery over a four-year period. Additionally, if the balance in the fund exceeds \$50 million in the future, Georgia Power must immediately notify the PSC if it encounters volatile markets.

No one can deny that there have been significant increases in fuel costs nationwide, just look at the gas pump prices, ask Delta, or talk to shippers. Crude oil, gasoline, and natural gas prices have swelled in recent years. To get some relief, some industries have switched to the cheaper and more stable resource of coal. However, a slump in production, congested delivery routes, and surging demand in the U.S. and abroad, such as China, has led to a spike in coal prices as well. In some markets the price of coal has more than doubled.

The electricity industry, which generates much of its power from coal, is not immune to this problem. Progress Energy of Florida, for instance, just received approval to recover a \$357 million shortage.

If Georgia Power is guilty of anything, they could have done a better job of projecting these costs and notifying the Commission earlier to avoid the recent headlines. However, that does not mean that they are any less entitled to collect the shortage. The PSC must rule on fuel cost filings within 90 days and can only disallow recovery if the evidence suggests illegal activity or imprudent management, neither of which has been demonstrated.

Rather than face reality, the minority on the Commission would like to blame the 90 day statutory deadline as the culprit in this case and they want the Commission to indefinitely and illegally continue to review the case. I submit that if this Commission had 360 days to review this case, it wouldn't be enough and the outcome would not change. Sometimes being a leader means telling it like it is and not playing populist-consumerist.

If there is a culprit in this matter, it is that this country must come to grips with the lack of an energy policy. Congress must promote North America energy independence by approving the expansion of fuel diversification through nuclear power, clean coal technology, additional LNG terminals and increased exploration. Over reliance on any one fuel source subjects consumers to volatile markets with corresponding prices.

Commission Wise is serving his second six-year term on the Commission. He was first elected in 1994 and re-elected in 2000.

Stan Wise
Georgia Public Service Commissioner and
Past President of the National Association of Regulatory Utility Commissioners

###