

**IN RE: Docket No. 12499-U: Georgia Power Company's Application for Certification of the Proposal to Construct Two Combined Cycle Units at Goat Rock, One Combined Cycle Unit at Plant Autaugaville, and Capacity Upgrades at the Goat Rock Hydro Facility;**

**Docket No. 13305-U: Georgia Power Company Application for Approval of an Integrated Resource Plan; and**

**Docket No. 13306-U: Savannah Electric Application for Approval of An Integrated Resource Plan**

**FINAL ORDER**

Date Submitted: July 3, 2001

Date Decided: July 12, 2001

**APPEARANCES**

**For Georgia Power Company:** Kevin C. Greene, Esq., Troutman Sanders; **For Savannah Electric and Power Company:** Leamon R. Holliday, III, Esq., Bouhan, Williams and Levy; **For the Commission Adversary Staff:** Daniel Walsh, Assistant Attorney General, and Helen O'Leary, Administrative Procedures Attorney; **For the Consumers' Utility Counsel Division:** John Z. Wu, Staff Attorney; **For the Georgia Industrial Group:** Randall Quintrell, Esq.; and **For the Georgia Textile Manufacturer's Association:** Peyton S. Hawes, Esq.

## BY THE COMMISSION:

### I. STATEMENT OF PROCEEDINGS

Georgia Power Company ("Georgia Power" or "GPC") and Savannah Electric and Power Company ("Savannah Electric") (collectively referred to herein as "Companies") separately submitted to the Commission applications for their fourth Integrated Resource Plan ("IRP" or "Plan") on January 31, 2001, for approval pursuant to O.C.G.A. § 46-3A-1 *et seq.* ("IRP Act"). Approximately 45 days earlier, Georgia Power filed an application for certification ("Certification") of two gas-fired combined cycle units to be constructed at the Goat Rock facility located in Lee County, Alabama; one gas-fired combined cycle unit to be constructed at Autaugaville, Alabama; and capacity upgrades for Goat Rock Hydro facility units One and Two.<sup>1</sup>

The Georgia Public Service Commission ("Commission") issued a Procedural and Scheduling Order finding it appropriate and administratively convenient to hold concurrent and consolidated hearings in these dockets.<sup>2</sup> No party entered an objection to the consolidation of the cases. These proceedings were declared to be contested cases as the term is defined in O.C.G.A. § 50-13-13 and were also held to encompass complex litigation pursuant to O.C.G.A. § 9-11-33(a).

The Procedural and Scheduling Order directed the Companies, at a minimum, to address those issues that are required by the IRP Act O.C.G.A. § 46-3A and Commission Rule 515-3-4 ("IRP Rule"). Specifically, the Commission took note that the 1998 Georgia Power Company IRP was amended, (The "Amended IRP") in part in Docket No. 11086-U (Certification of the Wansley and the West Georgia Generating Company resources). As a consequence, the resource needs identified in the Amended IRP required Georgia Power to issue a Request for Proposals (RFP) for its capacity needs for years 2003 and 2004 which resulted in the current filing in Docket No. 12499-U. Regarding Docket Nos. 13305-U and 13306-U, the Procedural and Scheduling Order required that the filings include, at a minimum, those issues that are required pursuant to the IRP Act, O.C.G.A. § 46-3A-1 *et seq.*, and the Commission's implementation of Rule 515-3-4.

In accordance with O.C.G.A. § 46-3A-5(c), the Commission established fees for review of the IRPs within sixty days of filing of the applications. The Commission concluded that \$81,519.00 was the appropriate fee for Georgia Power Company<sup>3</sup> and \$40,761.00 for Savannah Electric.<sup>4</sup> On March 20, 2001, Georgia Power and Savannah Electric remitted the established fee amount, thus setting the statutory deadline for this proceeding to be July 18, 2001.

Pursuant to O.C.G.A. § 46-3A-9(c), the statutory deadline for a certificate review is 180 days after the utility remits the fee. On February 6, 2001, Georgia Power Company remitted the

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<sup>1</sup> These two projects were the winning bids in response to requests for proposals issued on behalf of the Companies for their 2003/2004 capacity resource needs.

<sup>2</sup> Procedural and Scheduling Order for Consolidated Certifications and IRPS, Docket Nos. 12499-U, 13305-U and 13306-U February 1, 2001.

<sup>3</sup> Docket No. 13305-U, Order Establishing Fee for Georgia Power Company's Application for Approval of the 2001 Integrated Resource Plan issued March 26, 2001.

<sup>4</sup> Docket No. 13306-U, Order Establishing Fee for Savannah Electric and Power Company's Application for Approval of the 2001 Integrated Resource Plan issued March 26, 2001.

\$157,912.32 fee assessed by the Commission for this purpose, thereby establishing a statutory deadline of August 3, 2001, for a decision in Docket No. 12499-U.

Pursuant to statute, the Commission Adversary Staff (“Staff”) and the Consumer Utility Counsel Division (“CUCD”) of the Governor’s Office of Consumer Affairs were parties to these dockets. Applications for Intervention in these dockets were filed as follows:

Docket No. 12499-U: Georgia Industrial Group intervened on December 27, 2001; Georgia Textile Manufacturers Association intervened on January 4, 2001; and Birmingham Southeast, LLC intervened on January 16, 2001.

Docket No. 13305-U: Georgia Textile Manufacturers Association (“GTMA”) intervened on February 13, 2001; Birmingham Southeast, LLC intervened on February 14, 2001; and Georgia Industrial Group (“GIG”) intervened on February 16, 2001.

Docket No. 13306-U: Birmingham Southeast, LLC intervened on February 14, 2001.

No party was denied intervention during the proceedings.<sup>5</sup> After the hearings in these dockets concluded, Dynegy, Inc. filed an application to intervene in this matter on June 29, 2001.

The Commission conducted the hearings in three phases in this matter. The Companies presented their direct cases on April 9, 2001, via two panels of witnesses. On May 23, 2001, the Commission Staff presented two panels of witnesses and two individual witnesses in the second phase of hearings in these dockets. GIG and GTMA co-sponsored a witness who testified on this same date. In the third and final phase of the hearing on June 21, 2001, the Companies presented rebuttal testimony via one panel of witnesses.

At the conclusion of the hearings in these dockets, the parties made a joint request that the date on which closing briefs and proposed orders were due be extended from June 29, 2001, to July 3, 2001.<sup>6</sup> The Commission Chairman granted this request as well as a request by some of the parties that the Commission hold a Special Administrative Session on June 27, 2001, to consider time-sensitive issues pertaining to the Companies 2005/2006 Request for Proposals for capacity resources and to determine whether Dynegy Inc., one of the bidders in response to the RFP seeking to meet 2003/2004 capacity needs, should be allowed to refresh its bid.<sup>7</sup>

On June 27, 2001, a Special Administrative Session was held by the Commission, at which time a quorum of its members voted to authorize its Staff to approve a price target prior to

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<sup>5</sup> Although the law firm of Bickfield, Burchette, Ritts & Stone, P.C. filed a notice of intent and application to intervene on behalf of Birmingham Southeast, L.L.C in each of these dockets, no appearance by counsel was ever made on behalf of this party.

<sup>6</sup> Procedural and Scheduling Order for Consolidated Certifications and IRPS, p. 4; Docket Nos. 12499-U, 13305-U and 13306-U, issued February 1, 2001.

<sup>7</sup> Order Scheduling Special Administrative Session, Docket Nos. 12499-U, 13305-U and 13306-U, June 22, 2001. See also Order Clarifying Order Scheduling Special Administrative Session; Order Extending to Parties of Record the Opportunity to File Briefs, Docket Nos. 12499-U, 13305-U and 13306-U, issued June 27, 2001.

July 2, 2001, to test the reasonableness of the responses to the 2005/2006 RFP; modify the 2005/2006 RFP so as to extend until September 4, 2001, the date on which bids for coal and nuclear units are to be considered; and require the Companies to submit a self-build coal proposal by that same date. The Commission also voted on that occasion to allow all unsuccessful bidders responding to the 2003/2004 RFP to refresh their bids from 7 to 15 years and to update their bid price accordingly. The Commission declined to require GPC to submit a self-build proposal for a gas-fired unit; however, this decision was contingent upon the implementation of a thirty percent cap on the total capacity that can be bought or purchased through purchase power agreements (“PPAs”).

On July 3, 2001, the Companies, GTMA/GIG, Staff and CUCD subsequently filed briefs and/or proposed orders. These documents were considered by the Commission in issuing its final decision at a Special Administrative Session that was held on July 12, 2001.

As its final decision in this matter, the Commission adopts in this Order, with modifications and further direction, the IRPs filed by GPC and Savannah Electric and the proposed Certification. This Order is issued to announce its decision in these dockets within the statutory deadlines. The Commission also sets forth in this Order further direction to Georgia Power and Savannah Electric for further reporting and analysis to be performed and provided to the Commission prior to or in conjunction with their next IRP filings, amendments or applications for certification.

## **II. JURISDICTION AND AUTHORITY**

Georgia Power and Savannah Electric are public electric utilities serving retail customers within the State of Georgia. Georgia Power and Savannah Electric are two of the five operating companies that are part of the Southern Company system. This Commission has jurisdiction over Georgia Power’s and Savannah Electric’s IRPs pursuant to O.C.G.A. § 46-2-1 et seq., generally, and the “IRP Act”, O.C.G.A. § 46-3A-1 et seq. in particular. Georgia Power’s applications for certification are included within the Commission’s authority pursuant to these authorities, specifically O.C.G.A. § 46-3A-5.

The IRP Act requires the Companies to file Integrated Resource Plans at least every three years.<sup>8</sup> The Companies obligations with respect to the information that is filed is set forth pursuant to criteria identified in the Commission Rule 515-3-4 (“IRP Rules”). A “Plan” is defined in the Act as an Integrated Resource Plan that contains: the utility’s electric demand and energy forecast for at least a 20-year period; the utility’s program for meeting the requirements shown in its forecast in an economical and reliable manner; the utility’s analysis of all capacity resource options; including both demand-side and supply-side options; and sets forth the utility’s assumptions and conclusions with respect to the effect of each capacity resource option on the future cost and reliability of electric service. The Plan must also:

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<sup>8</sup> O.C.G.A. § 46-3A-2.

- (A) Contain the size and type of facilities which are expected to be owned or operated in whole or in part by such utility and the construction of which is expected to commence during the ensuing ten years or such longer period as the Commission deems necessary and shall identify all existing facilities intended to be removed from service during such period or upon completion of such construction;
- (B) Contain practical alternatives to the fuel type and method of generation of the proposed electric generating facilities and set forth in detail the reasons for selecting the fuel type and method of generation;
- (C) Contain a statement of the estimated impact of proposed and alternative generating plants on the environment and the means by which potential adverse impacts will be avoided or minimized;
- (D) Indicate, in detail, the projected demand for electric energy for a 20-year period and the basis for determining the projected demand;
- (E) Describe the utility's relationship to other utilities in regional associations, power pools, and networks;
- (F) Identify and describe all major research projects and programs which will continue or commence in the succeeding three years and set forth the reasons for selecting specific areas of research;
- (G) Identify and describe existing and planned programs and policies to discourage inefficient and excessive power use; and
- (H) Provide any other information as may be required by the Commission.<sup>9</sup>

The Commission is required under O.C.G.A. § 46-3A-2 to make determinations as to the adequacy of the IRPs and to ensure that the utilities' Plans have appropriately addressed several matters. There must be a determination that the forecast requirements contained in the Plan are based on substantially accurate data and an adequate method of forecasting.<sup>10</sup> The Commission must also find that the Plans identify and take into account any present and projected reductions in the demand for energy that may result from measures to improve energy efficiency in the industrial, commercial, residential, and energy-producing sectors of the state.<sup>11</sup>

Further, the Commission must determine whether the Plans adequately demonstrate the economic, environmental, and other benefits to the state and to customers of the utilities, associated with the following possible measures and sources of supply:

- (A) Improvements in energy efficiency;

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<sup>9</sup> O.C.G.A. § 46-3A-1(7).

<sup>10</sup> O.C.G.A. § 46-3A-2(b)(1).

<sup>11</sup> O.C.G.A. § 46-3A-2(b)(2).

- (B) Pooling of power;
- (C) Purchases of power from neighboring states;
- (D) Facilities that operate on alternative sources of energy;
- (E) Facilities that operate on the principle of cogeneration or hydro-generation; and
- (F) Other generation facilities and demand-side options.<sup>12</sup>

After hearings have been conducted on a Plan, the Commission may approve the IRP; approve it subject to stated conditions; approve it with modifications; approve it in part and reject in part; reject the plan as filed; or provide an alternate plan, upon determining that this is in the public interest.<sup>13</sup>

### **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

To ensure that the competing interests of all parties were properly considered, the Commission has carefully analyzed all evidence of record including the testimony given and the various exhibits entered by all the parties. In addition, the Commission requested that the briefs and proposed orders be structured accordingly. This Order follows the order of issues provided to the parties at the close of the hearings.

#### **1) Application For Certification Of The Proposed Facilities To Be Constructed At Goat Rock And Autaugaville And Capacity Upgrades For Goat Rock Hydro Facility Units**

On December 15, 2000, Georgia Power filed an application for certification of combined cycle projects at Goat Rock and Autaugaville and for an upgrade to the Goat Rock Hydroelectric project. The Goat Rock units are located in Lee County, Alabama, adjacent to Georgia Power's Goat Rock Hydro facility. The Autaugaville project is being constructed at a greenfield site in Autaugaville, Alabama, near Montgomery. Goat Rock Unit 1 will have a capacity of approximately 570 MW and Goat Rock Unit 2 and Autaugaville Unit 2 will be rated at approximately 610 MW. On November 13, 1999, Georgia Power issued an RFP soliciting bids from qualified parties interested in entering into a purchase power agreement ("PPA") for 500 to 1,000 MW of peaking or combined cycle capacity beginning in 2003. The RFP solicited bids exclusively for 7-year terms.

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<sup>12</sup> O.C.G.A. § 46-3A-2 (b)(3).

<sup>13</sup> GPSC General Rules 515-3-4.01(2).

Staff sponsored testimony that identified two concerns about the RFP issued by GPC. First, by limiting its solicitation to 7-year bids, the RFP excluded bids that potentially may have provided ratepayers lower cost options. (Tr. 626). Also, Georgia Power did not include a self-build rate base plant as a response to the solicitation. (Tr. 626). While the Goat Rock units and Autaugaville are self-build projects, GPC's application for certification did not propose to include these plants in rate base. The projects would be treated as 7-year PPAs. In its pre-filed testimony, Staff stated that the problem with not including a self-build rate base proposal in the bid evaluation process is that "a traditional project in rate base may present the best option for ratepayers over the long term." (Tr. 594). The goal of an IRP is to provide ratepayers with reliable and economical power.

In its pre-filed testimony, Staff recommended that the Commission certify the PPAs for Goat Rock Units 1 and 2, but that the Commission reject the Autaugaville PPA. The Staff further recommended in its pre-filed testimony that the Commission "authorize Georgia Power to place into rate base a 610 MW self-build combined cycle generation facility at a certified cost of \$322,519,090."<sup>14</sup> (Tr. 604). Staff added that the rate-based plant must be commercially operational on or before June 1, 2004. Finally, the Staff provided GPC with the option to choose another alternative, under the condition that cost recovery shall not exceed \$322,519,090. (Tr. 604).

On May 22, 2001, prior to the hearing on Staff and Intervenor testimony, Staff filed with the Commission a letter stating that GPC had agreed to modify the Autaugaville PPA such that it would satisfy the concerns set forth in Staff's Certification Testimony.<sup>15</sup> The letter detailed the following modifications to the Autaugaville PPA:

- 1) Southern Power Company ("Southern Power") will extend the term of the PPA to 15 years from 7 years. Capacity and energy from Autaugaville Unit 2 will be available to Georgia Power's retail customers from June 1, 2004 through May 31, 2019.
- 2) Southern Power will reduce the capacity charge to \$REDACTED / kw-month.
- 3) Southern Power will not sell or relinquish control of the Autaugaville Unit 2 to any other entity without prior approval of the Georgia Public Service Commission, except that Southern Power may assign without the requirement for such approval (but with notice to the Georgia Public Service Commission) (a) to any lender from time to time providing financing to Southern Power or its affiliate with respect to all or any portion of Autaugaville Unit 2 or (b) to any lender or its designee in connection with a foreclosure or other exercise of remedies.

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<sup>14</sup> In an errata to its testimony, Staff revised its previous \*\*\$308,519,090 figure to \$322,519,090 to include transmission interconnect costs. (Tr. 586)

<sup>15</sup> The trade secret and public disclosure versions of the May 22, 2001, Letter, signed by Daniel R. Cearfoss, were admitted into evidence as Staff Exhibits 28 and 29 respectively.

The letter further stated that all other terms and conditions in the Autaugaville PPA will remain the same except to the extent that they are adjusted to reflect the new 15-year term. With these modifications, the Staff recommended that the Commission certify the Autaugaville PPA.

GIG/GTMA recommended that the Commission not certify either the Autaugaville or Goat Rock Unit PPAs as initially proposed. (Tr. 677). GIG/GTMA reasoned that Georgia Power had not demonstrated the benefits of acquiring generation resources through PPAs as opposed to rate-based generation. GIG/GTMA recommended that the Commission either certify the Goat Rock and Autaugaville combined cycle capacity as self-build generation to be rate based at the appropriate time or direct GPC to file additional evidence to show that the proposed PPAs are more cost-effective than if the cost of proposed capacity was placed in rates. (Tr. 677).

The goal of the certification process is to provide ratepayers with the most economical and reliable power available. In determining which resources meet this standard, it is necessary to consider all viable options. A self-build rate base project is an option that should be considered. The Staff's analysis compares the proposed PPAs with such a project. The Commission finds that the Staff's analysis demonstrates that the Goat Rock Unit PPAs are less expensive than a rate-based alternative. Therefore, the Commission grants GPC's application for certification of the PPAs for Goat Rock Units 1 and 2.

On July 5, 2001 the Commission ordered that the bidding process be reopened for the capacity covered by the Autaugaville PPA. Accordingly, this issue is held open pending review of the revised bids.

## 2) **Integrated Resource Plans of Georgia Power Company and Savannah Electric Company**<sup>16</sup>

### **A. Demand-Side Management and Energy Efficiency**

GPC did not include any new demand-side programs in the 2001 IRP because it determined that none were cost-effective under the Commission's rules. (Tr. 21). Georgia Power did propose to continue the Residential Load Management ("RLM") program. In Docket Nos. 6315-U & 6325-U, the Commission granted the original Certificate of Public Convenience and Necessity for the RLM program. The Certificate was issued for a period of ten years, beginning in 1997. The original certificate required that GPC receive the Commission's "express re-authorization" prior to implementing Phase 2 of the program. The original certificate also stated that the Commission would determine the cost effectiveness of Phase 2 of the program in light of GPC's most recently approved IRP. Savannah Electric proposed that it obtain certification of a residential Direct Load Control (DLC) program, a component of the original RLM program, as a joint program with Georgia Power. (Tr. 27).

The Companies proposed to modify the DLC program as follows:

- The program will use conventional direct control unit (DCU) switches on outdoor compressors, instead of the SuperStat® programmable thermostat, to control air conditioners to make Phase 2 of the DLC program cost effective under the Rate Impact Measure ("RIM") Test.
- GPC will implement the full-scale program in the second half of 2001.
- Savannah will implement the DLC program as a separate control group beginning in 2002.
- The annual incentive will have an expected value of \$21.72 per participant. This expected value includes a small payment (\$2 per event – see Table RFS-2 in Mr. Spellman's testimony) per application of the control feature.
- GPC and Savannah Electric have adopted a revised program implementation schedule.
- The Companies have revised the cost effectiveness analysis to reflect reduced budget estimates for program installation costs, new projected capacity impacts, revised incentives to participants, and the inclusion of Savannah customers.

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<sup>16</sup> This Order developed only those areas that are contested. Matters that were not disputed or previously were decided by the Commission in these dockets are referenced in the ordering paragraphs only.

In section 5.1.2 (Demand-Side Plan) of its IRP filing, GPC stated that its modifications for Phase 2 of the DLC Program make the program cost effective under the RIM Test and allow GPC to provide customers an incentive for participating in the program.. Savannah Electric provided a similar statement in Section 3 (Potential New Demand-Side Resources) of its January 2001 IRP filing. GPC provided a benefit-cost analysis of the modified DLC program, and has provided the RIM Test, the Participant’s Test, the Total Resource Cost (“TRC”) Test, and the Societal Test. The DLC program passes each of these benefit-cost tests. GPC’s response to Staff Hearing Request 1-6 stated that the RIM benefit-cost ratio for the total DLC program is 1.50 excluding the incentive cost, and 1.00 with the incentive costs included. (Tr. 539). GPC included the savings as a reduction to its peak load forecast.

Table RFS-1 to Staff witness, Mr. Richard F. Spellman’s testimony sets out the total program costs associated with the modified DLC program.

TABLE RFS-1<sup>17</sup>

Year	Total Program Costs	
	GPC	Savannah Electric
2001	\$ 1,430,029	\$ 50,000
2002	\$ 3,596,246	\$ 404,857
2003	\$ 4,662,788	\$ 341,285
2004	\$ 3,018,583	\$ 342,541
2005	\$ 1,233,262	\$ 109,645
2006	\$ 1,222,094	\$ 97,556
2007	\$ 1,211,037	\$ 93,097
2008	\$ 1,151,713	\$ 81,070
2009	\$ 959,990	\$ 60,669
2010	\$ 521,469	\$ 45,290

Staff recommended that the costs for the Residential DLC Program be expensed annually and recovered through base rates. Staff also recommended that the budget projections provided by the companies serve as a cap on the total fixed and variable costs per participant in the program. (Tr. 541). The specific cost caps for the overall program for both companies are listed in Table RFS-2 to Mr. Spellman’s testimony.<sup>18</sup> Subject to the modifications and cost caps included in Mr. Spellman’s testimony, Staff supported certification of Phase 2 of the DLC programs as proposed by the Companies through the year ending 2010.

<sup>17</sup> The costs shown in Table RFS-1 are the expected values per Company based on an estimated level of participation for the program and an estimated ratio of participation between the Companies. Actual cost per Company and in total may differ depending on the actual level of program participation.

<sup>18</sup> Staff Exhibit 13 was an errata to Mr. Spellman’s testimony and included revised numbers for Table RFS-2.

The Commission authorizes Phase 2 of the DLC program as modified with Staff's recommended cost caps through the year ending 2010.

### **Energy Star Programs**

Staff testified that the U.S. Environmental Protection Agency ("EPA") has teamed with the private sector in developing programs that use voluntary partnerships to save energy and reduce greenhouse gas emissions. (Tr. 542). Staff further testified that if all consumers, businesses, and organizations in the United States made their product choices and building improvement decisions with Energy Star® over the next decade, the national annual energy bill would be reduced by about \$200 billion. (Tr. 542). This progress would contribute towards reducing air pollution and protecting the earth's climate.

In the Commission Order in Companies' 1998 IRP dockets, Docket Nos. 8708-U and 8709-U, the Commission ordered both GPC and Savannah Electric to "examine the feasibility of participating in the EPA's national Energy Star programs, and report back to the Commission within 180 days from the Final Order in these proceedings." (Order, Page 24 of 26). The reports were to include a detailed cost-benefit analysis of participation in the Energy Star programs. The Companies were ordered to place special emphasis on the benefits of programs for mitigating green house gas emissions and ozone levels in the Companies' service areas and the State of Georgia. *Id.* The Commission further ordered that "[t]he reports should examine the feasibility of these programs as market transformation programs, and explain how these programs could be implemented to complement the Companies' existing energy efficiency information and environmental programs." *Id.* at 25. The Companies were directed to work with Staff in developing these reports and exploring the implementation of these programs in their service territories. *Id.*

The Companies met with the Staff on numerous occasions and provided information to the Staff regarding their efforts to incorporate Energy Star measures into their existing energy efficiency programs.

### **Georgia Power Company**

In Section 5.1.3 of its IRP filing, GPC states the Energy Star® Home program is an option in its Good Cents home program and that it has developed an Energy Star® information brochure that describes several of the Energy Star® products and services available to the public. In addition, GPC stated that it plans to continue to distribute the generic Energy Star® program brochure, provide some information on Energy Star® on its website and will continue to evaluate additional information as the website is modified or updated. (Staff Exhibit 17). While GPC did not perform extensive screening of all Energy Star® programs, it did assess the cost effectiveness of the Energy Star® Homes Program.

## **Savannah Electric and Power Company**

Savannah Electric provides general information regarding efficiency, mail-in and Internet-based home energy surveys, residential audits, and a financing plan for improvements. (Staff Exhibit 21) During 1998, 1999 and 2000, Savannah Electric conducted 3,584 residential audits at an approximate cost of \$60.00 apiece and 69 commercial audits at an approximate cost of \$75.00 apiece. (Staff Exhibit 22) However, Savannah Electric does not budget these activities separately. (Staff Exhibit 21)

Savannah Electric provides a brochure entitled “12 Easy Ways to Save Energy Dollars at Home” that mentions the Energy Star® program. Approximately 1500 of the brochures were distributed in the year 2000, along with 200 “Good Cents New Home Program” brochures. (Staff Exhibit 24) In addition, Savannah Electric provides energy efficiency information on its website. (Staff Exhibit 23)

Savannah Electric is not participating in any of the Energy Star® programs, but it intends to issue to its customers a brochure that directs them to places where Energy Star® information can be obtained. (Staff Exhibit 25). Savannah Electric neither lists Energy Star® programs on its website, nor educates its customers about Energy Star® programs through a broad informational program.

Staff suggested the following additional actions for both GPC and Savannah Electric to take in support of Energy Star programs:

- Place links to the ENERGY STAR® website on their respective websites,
- Host informational meetings on ENERGY STAR® programs for residential home builders; HVAC distributors and installers; and large commercial and industrial customers,
- Require that equipment purchased for use in Company facilities meet ENERGY STAR® standards,
- Provide information on the ENERGY STAR® for New Homes Program to builders when they request temporary power when home construction is started,
- Provide distribution materials, such as flyers and the like, to retailers who sell ENERGY STAR® rated appliances,
- Provide messages on electric bills to educate customers about the ENERGY STAR® label and programs, and
- Provide education in schools and for local governments about ENERGY STAR® programs. (TR, 544-545).

Neither company opposed Staff's recommendations with respect to Energy Star. Consistent with the Staff's recommendation, the Commission orders both GPC and Savannah Electric to continue providing information to customers about the EPA's Energy Star® programs, and to provide to the Commission within 180 days of the Final Order in this Docket a report addressing implementation of this process for the remaining 2001, 2002 and 2003.

### **Weatherization Assistance Programs for Low-Income Residential Customers**

The Weatherization Assistance Program for low-income customers is a GPC program designed to provide monetary assistance to low income customers. It was implemented in 1996 and funded by GPC. This funding is used by Resource Services Ministries and the State's Georgia Environmental Facilities Authority (GEFA) to augment their existing funding for low-income customers' home weatherization programs. Currently, Georgia Power plans to fund this program through December 31, 2001. The program has served 2,724 low-income customers, and the total amount of funding provided by GPC from 1996 through 2000 was \$3,660,407. (Staff Exhibit 20).

GPC stated that it would assess whether to continue the program beyond 2001 in the fourth quarter of this year. (Staff Exhibit 19). Staff recommended that the Commission order GPC to continue and, Savannah Electric to begin, funding for a weatherization program for residential low-income customers for the remainder of 2001 and for the following three years (2002-2004). Staff recommended that GPC be directed to provide funding for the program at a budget level of \$1 million per year. Staff recommended that the Commission order Savannah Electric to provide funding for the program at a budget level of \$65,000 to \$100,000 per year. (Tr. 535).

Savannah Electric testified that it does not fund a weatherization assistance program and considers the expenditure of funds for this purpose to be a commission policy issue to be resolved in a base rate case. If funding is provided in the base rate case, Savannah Electric stated that it would participate in a program of this type at an appropriate level acceptable to the Commission and to Savannah Electric. (Tr. 789-790).

The Commission finds that with respect to Georgia Power, Staff's recommendation for the low-income weatherization program for residential low-income customers is reasonable and shall be approved. The commission orders Georgia Power to continue funding the program consistent with staff's recommendation.

With regard to Savannah Electric, the Commission finds that other programs such as a compact fluorescent lighting program may yield more DSM savings than a low income weatherization assistance program. Accordingly, the Commissions orders that Savannah Electric shall study the DSM value of a residential low income weatherization assistance program and of other potential energy conservation measures including, but not limited to, a compact fluorescent lighting program. Within 180 days of the final order in this docket Savannah Electric shall

complete its study and shall file a proposed program for certification with this Commission. The Commission approves a budget level for the program not to exceed \$100,000 per year.

**Programs for Cost Effective DSM Measures**

The same six residential measures passed the RIM and TRC tests for both GPC and Savannah Electric. Those tests were set forth in Tables RFS-4 and RFS-6 as shown below:

**RESIDENTIAL MEASURES PASSING RIM AND TRC TESTS  
(GEORGIA POWER COMPANY)**

Measure Description	Participant Test	Rate Impact Measure Test (RIM)	Total Resource Cost Test (TRC)
Add attic insulation from R-11 to R-30 in attics of existing homes with A/C	1.62	1.37	1.54
Add attic insulation from R-19 to R-30 in attics of existing homes with A/C	1.25	1.38	1.28
Add attic insulation from R-0 to R-30 in attics of existing homes with A/C	0.96	1.38	1.05
Add duct sealing to ducts in existing homes with A/C	11.15	1.21	6.09
Provide for infiltration reduction to existing A/C homes	10.75	1.18	5.42
Provide for thermal door in new homes with A/C	*	1.29	7.83

(Note: savings based upon a typical home of 1800 sq. ft.)

\* Passes the Participant Test – there is minimum incremental cost with electric and gas bill savings

**TABLE RFS-6  
RESIDENTIAL MEASURES PASSING RIM AND TRC TESTS  
(SAVANNAH ELECTRIC AND POWER COMPANY)**

Measure Description	Participant Test	Rate Impact Measure Test (RIM)	Total Resource Cost Test (TRC)
Add attic insulation from R-11 to R-30 to existing A/C homes	1.72	1.35	1.59
Add attic insulation from R-19 to R-30 to existing A/C homes	1.33	1.34	1.33
Add attic insulation from R-0 to R-30 to existing A/C homes	0.99	1.35	1.07

Add duct sealing to existing A/C homes	10.85	1.28	6.79
Provide for infiltration reduction to existing A/C homes	12.99	1.18	3.81
Provide for thermal door in new A/C home	*	1.31	6.90

(Note: savings based upon a typical home of 1800 sq. ft.)

\* Passes the Participant Test – there is minimum incremental cost with electric and gas bill savings

Staff recommended that the Commission order the Companies to develop one or more energy efficiency programs that include energy efficiency measures that pass both the Total Resource Cost Test and the Rate Impact Measure Test. At a minimum, Staff recommended that these measures should be offered to participants on a pilot basis in the DLC Program and the low-income program. The Companies should report back to this Commission within 180 days of the Final Order in the Dockets with a report addressing implementation of the energy efficiency programs. (Tr. 535). In an errata to its testimony, Staff modified its recommendation to state that the development of an energy efficiency information program for these measures is an acceptable alternative. (Staff Exhibit 13). Implementation of the two non-residential options that passed both the TRC Test and the RIM Test was not recommended by Staff.

The Commission finds the Staff’s recommendations to implement the measures that pass both the TRC Test and the RIM Test to be consistent with the promotion of energy efficiency throughout the IRP Act, O.C.G.A. § 46-3a-1 et seq.

O.C.G.A. § 46-3A-1(7)(G) defines “plan” and provides in part that a plan must:  
(G) Identify and describe existing and planned programs and policies to discourage inefficient and excessive power use. . . ;

GTMA/GIG did not oppose certification of the DSM programs but recommended that the Commission direct that all DSM costs be assessed only against the class of participants. (citation). Application of the RIM Test ensures that the costs of a certified program will not “spill over” to non-participants.

The Commission adopts Staff’s recommendation to order the implementation of the residential measures that pass both the TRC Test and the RIM Test. In the alternative, the Companies may develop an energy efficiency information program for these measures.

## **B. Transmission Planning Analyses**

Staff examined information contained in Technical Appendix Volume III of Georgia Power’s 2001 Integrated Resource Plan, data request responses from the Companies, and data

contained in the Savannah Import Study in assessing whether the Companies' transmission facilities offer the appropriate level of adequacy and reliability for the purposes for which they are to be used. In conducting this assessment, a number of areas were identified in which information supporting the sufficiency of these facilities were determined either to be inadequate or, even worse, were indicative of transmission system limitations that are in need of immediate and significant improvement.

i) **Insufficiency Of Information To Perform An Assessment Of The Southern Company Area Interfaces And The Targeted Values Of Interface Capability.**

In attempting to assess the Companies' transmission system facilities, Staff Witness H. Charles Liebold testified that information provided in the IRP filings was insufficient to make a determination of the adequacy and reliability of their transmission systems. (Tr. 474). This was particularly problematic with respect to making an evaluation of the Southern Company Area interfaces and the targeted values of interface capability. (Tr. 478). He identified three major deficiencies resulting from the absence of relevant information having been filed. (Tr. 479-480).

The first deficiency noted by Witness Liebold with the documentation provided was that it did not give a correlation between information based on the Southern Company system interface analysis and the resulting impact of the information on customers in Georgia. (Tr. 479). The significance of this information not being made available is the resulting inability to readily assess the transmission systems' ability to cope with future demand. (Tr. 482). A second deficiency identified was that interface capability was quantified solely in terms of "total" interface capability. Quantification in this manner provides no information regarding how much of the capability is unavailable because of committed uses, both in the long and short terms, and the amount of capability remaining. (Tr. 479). The third and final concern Mr. Liebold had with respect to the information provided regarding interfaces and the targeted values of interface capability was that it measured transmission capability against non-simultaneous "target" values. These values do not reflect the capability of the actual system because they do not adequately reflect the effects of "loop" or "parallel" flows. (Tr. 479-80).

With respect to the shortcomings he identified, Witness Liebold recommended a number of actions be taken. He testified that because Georgia Power's analysis is based on "non-simultaneous" targets and does not demonstrate system adequacy, additional information is needed regarding the Southern Control Area interface capability in order to provide information descriptive of the ability of the transmission system to cope with future demands. This information should develop and support simultaneous capability targets, provide information descriptive of the current long-term and near-term committed uses of the transmission system, and analyze how much interface capability is used by and remains available for Georgia load. (Tr. 482-83). Also, Southern Company's targeted interface levels are not adequately supported by an analysis demonstrating that the target levels are adequate to maintain system reliability under the changing generation and transmission conditions in Georgia. As a result of changing conditions within Georgia and the electric power market, the interface targets must be re-evaluated so as not to merely rely on historical information. (Tr. 483). Finally, Witness Liebold

recommended that a reliability analysis of the Georgia Power and Savannah Electric systems be performed that includes the assessment of the amount of the simultaneous transmission interface capability necessary in order to maintain overall system reliability within the Georgia region of the Southern Control Area. The resulting analyses should demonstrate the reliability and transmission effects of increased reliance on off-system generating resources to meet planned capacity. They also should justify the total amount of simultaneous targeted transmission capability, its adequacy for the Georgia region as well as justify the quantities reserved for the transmission margins. (Tr. 485). The Staff recommended that the Commission order the Companies to provide the information requested by Witness Liebold, beginning with the filing of the 2004 IRP or any amendment to the 2001 IRP.

The Companies disagreed with Staff's recommendations. Specifically, the Companies claimed that the information Witness Liebold indicated was relevant to evaluating their IRP filings would be "dated" and "may confuse entities making transmission decisions such as IPPs [Independent Power Producers]." (Tr. 793). The witness for GTMA/GIG offered no testimony on this topic.

The Commission does not find the Companies' arguments compelling in either of these regards and supports the position asserted by Staff that additional information regarding the Companies transmission system should be filed for the agency's assessment in IRP cases. Clearly, Utility Rule 515-3-4-.04(1)(b) requires the Commission to make an assessment of the adequacy of the Companies existing transmission systems to determine whether it is capable to serve load over the next 10 years. The information described by the Staff Witness and that was not provided by the Companies to Staff would have greatly assisted in this endeavor. It is a well known characteristic of the transmission system that it is not the same from one instant in time to another, thus, no one description or one set of limited information will adequately describe that system.

The Commission finds, therefore, that far from being confusing or burdensome, providing additional details of the transmission system capability will help this Commission better understand and assess its adequacy going forward. Thus, in furtherance of this objective and in light of the Commission's jurisdiction to prescribe what a Plan shall contain, the information requested by the Staff Witness shall be provided in future IRP filings, beginning with the filing of the 2004 IRP or any amendment to the 2001 IRP.

**ii) Need For Transmission System Upgrades In The Savannah Electric Area.**

In assessing the adequacy of the 10-Year Transmission Plan filed by Georgia Power in its IRP, Witness Liebold acknowledged that it was an extensive compilation of specific transmission projects that addressed certain identified needs. (Tr. 486). In his pre-filed testimony, Witness Liebold requested that such a filing be augmented to include a statement that the resulting planned system meets the Transmission Planning Objectives and Performance

Guidelines in each year and is adequate to enable an economic system dispatch and service to all load areas of the system under all reasonable planning contingencies. (Tr. 486). Witness Liebold went on to clarify that if, risk and cost assessments, as allowed by the IRP guidelines for planning, result in compromises among objectives, then information be provided regarding the compromises and affected areas. (Tr. 487).

In specifically focusing on the Savannah Electric segment of the transmission system, however, Witness Liebold identified a serious concern that must be further monitored in the immediate short term and remedied in the near term. In his testimony, Witness Liebold stated that information<sup>19</sup> obtained by Staff revealed that the Savannah Electric Transmission system currently experiences significant transmission limitations that cause off-economic operation of generation in Georgia. (Tr. 486). The phrase “off-economic operation” was explained by Mr. Liebold to mean that the system is not capable of sustaining a single economic dispatch across the system without regard to transmission limits.<sup>20</sup>

The severity of this situation is apparent by looking at a comparison made by Witness Liebold of the Savannah system information that was obtained by Staff for 2002 and 1998. The year 1998 was when Savannah Electric last evaluated and documented its system stability problems in a report entitled “Savannah Import Study,” (Staff Exhibit 11). Through his testimony, Witness Liebold noted that this report<sup>21</sup> shows a 2002 Savannah area peak load of 937 MW and corresponding Savannah area generation of 986 MW. This results in a projected 49 MW export from the Savannah area at peak load in 2002. As peak load falls to 85% of its maximum value (796 MW), however, the Savannah area generation disproportionately diminishes to 380 MW. This results in a Savannah area projected import of 416 MW. This 416 MW import in 2002 is a change in system operation that was projected in the 1998 study compared to the system operation modeled for 1998. Savannah Import Study (Tr. 486). In 1998, however, the Savannah Import Study shows Savannah area generation of 870 MW for the Savannah area, with 85% of peak load level being 712 MW. (Tr. 486). This results in a 158 MW Savannah area export in 1998 at 85% of peak load. Therefore, at 85% of peak load level, system operations were projected to change from an exporting system in 1998 to a significantly importing system by 2002.<sup>22</sup> (Tr. 486-487). Mr. Liebold also testified that the Savannah Import Study showed that at 85% of peak load, Savannah Electric’s transmission system is limited by voltage stability to less than 370 MW of imports unless transmission reinforcements are provided for the system. (Tr. 486).

At the hearings in this matter, Savannah Electric did not dispute that its system is experiencing less operation of on-system generating resources in favor of more economic off-system resources resulting in higher levels of Savannah area imports. (Tr. 796-797). In indicating its awareness of this situation, Savannah Electric provided testimony that since 1998 it has, and intends to continue until a point in the indefinite future, the operation of its transmission system off economics at a cost already amounting to approximately \$127,000 per year since 1998. (Tr. 800). To support its decision to operate off-economics, Savannah Electric argues that

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<sup>19</sup>Specifically, information obtained from a meeting with Adversary Staff and the Companies on May 1, 2001, and from the 1998 Savannah Import Study conducted by Savannah Electric (Staff Exhibit 11). Tr. p. 487.

<sup>20</sup>Tr. p. 522.

<sup>21</sup> Staff Exhibit 11, p. 20.

<sup>22</sup> Staff Exhibit 11, p. 19.

upgrading its transmission system by implementing the preferred alternative of three alternatives—the Dorchester 500/230 KV transformer bank—would result in a great expense to its ratepayers in the form of at least an estimated \$21,700,00 capital expenditure. (Tr. 800-804). Compared to the cost of operating the system off-economics, Savannah Electric argues the resulting transmission system would be “overbuilt” and “gold plated.” (Tr. 792). Further, in its testimony, Savannah Electric points to a number of upgrades that it recently has made that will impact its transmission system. When questioned about the time that it would take for the Dorchester transformer built, Savannah Electric’s witness indicated that it would take approximately 30 months or so to complete the project from commitment time. (Tr. 871).

As was recognized by Savannah Electric, its transmission system is important to Georgia Power’s ability to serve customers in the Hinesville area. (Tr. 864). Georgia Power has included the need for the Dorchester bank in its 10-year transmission plan. (Tr. 870). Should the Dorchester project be implemented, its costs could be shared by both Savannah Electric and Georgia Power and would not exclusively impact the relatively small number of ratepayers of which the Savannah Electric system is comprised.

With respect to cost, although it was represented that operating Savannah Electric system off economics averaged \$127,000 per year in only the last three years, Savannah Electric Witness, Richard White indicated that between 1998 and 2001, the cost of running off economics ranged from \$60,000 to \$160,000. Mr. White conceded that for approximately the first six months of the year 2001—which do not include the peak cooling months of July and August—the cost of operating out of economics has already reached \$160,000. (Tr. 858). While this amount is not presently near the annual cost that Savannah Electric ratepayers would be assessed if the Dorchester project were implemented, it is indicative that the increase in transmission limitations foreseen in 1998 in the Savannah Import Study are already a reality. Although Savannah Electric testified that it made some upgrades to its system, it conceded that none of these improvements would address the matters that were at the heart of Staff’s concerns about import capability and transmission system stability. (Tr. 893-894).

No other witness offered any testimony with respect to the topic of transmission.

The main disputes that developed with respect to the transmission system issue is whether the Commission had any authority in conjunction with these proceedings to require a transmission system enhancement in the Savannah area, and if so, whether it is appropriate to do so at this time.

The Commission finds that it has the authority to direct an electric company to enhance its transmission system. The Commission’s review of the Companies’ Plans necessitates an examination of the capability of the transmission system for the next decade. There is no point in assessing the Companies load projections and the resources available to serve native load if the Commission is not regarded as having authority to determine the adequacy of its intrastate transmission systems. In addition, the jurisdiction to determine whether the Dorchester enhancement should be made to the Savannah transmission system lies with the Commission pursuant to O.C.G.A. § 46-2-20(c), which states that this agency may “**require all companies under its supervision to establish and maintain such . . . facilities** as may be reasonable and just.” (Emphasis added).

Having identified its jurisdiction to do so, the Commission hereby orders that in the short term, Savannah Electric continue to monitor developments in its transmission systems' import capability and system stability. Any and all developments that have the potential to further curtail import capability or to affect voltage stability shall immediately be brought to the attention of the Commission via a filing made in Docket No. 13306-U.

It is expected in the first quarter of 2002 that the Companies shall file an amendment to this IRP Order to seek certification of capacity resources that were identified in the 2005/2006 RFP. At that time, the Commission shall revisit the issue of whether the Dorchester transformer or other appropriate project to improve Savannah import capability shall be necessary based on the qualifications of successful bidders to the outstanding RFPs and other factors. In the event that a winning bidder is a generating plant offering capacity that is located in the Savannah area, the Companies will provide an assessment in that proceeding as to the impact this additional generation will have on limitations that have been identified in these IRP proceedings regarding Savannah Electric's transmission system. Should the existence of this additional generation within the Savannah area and under the sufficient control of Savannah Electric have a positive impact on the transmission system capability and stability, a decision will be made at that time regarding the need for transmission enhancements.

However, in the event that a winning bidder to the 2005/2006 RFP is not a generating plant that is physically located in the Savannah area, the need for the Dorchester project to be implemented for the benefit of both Companies may become more compelling. To achieve this objective, Georgia Power Company and Savannah Electric shall have 30 days from the date that the certification filing is made to propose to the Commission a mutually agreed upon allocation of costs for the Dorchester transformer that they will share so that this project can be initiated on an expedited basis, to be installed on a date that shall be determined by the Commission in that proceeding.

### **C. Green Energy Program**

In conjunction with approving its IRP, Georgia Power requested that the Commission certify a Green Energy Program, which was described only minimally in its Plan since the independent third-party accreditation needed for its approval plan was still being sought. (Tr. 112). According to GPC witness Jeff Burleson, this proposed plan was described to be a voluntary program. Under the proposed plan, ratepayers could participate by paying a premium for energy that is comprised of "green" resources such as landfill methane generation and wind power. (Tr. 114). Georgia Power's witness further indicated that nonparticipants would not finance the cost for the program (Tr. 116) and that the mix of resources would likely be based on energy and not capacity. (Tr. 119).

Staff testified that while it supported the concept of such program based on virtually all of the criteria specified by Georgia Power, its members believed that the program should be based on green energy provided from all of the various green resources and not on the capacity of the green resources. (Tr. 364). The reason given for their concern in this regard was that it would be misleading to the public to advertise the program as 90% landfill gas and 10% solar

based on the capacity of these resources if the actual energy provided was 98% landfill gas and 2% solar. (Tr. 364). However, until the sought after accreditation is received and a more substantial filing made, Staff recommended that the Commission hold off from approving the program at this time. On rebuttal, the panel testifying on behalf of Georgia Power regarding this issue did not share Staff's concern in this regard and promoted a program that would measure renewable energy sources based on capacity and not energy for cost reasons. (Tr. 791-792).

Since the independent third-party accreditation process is not complete and a complete filing regarding a Green Energy Program has not been presented in this IRP proceeding, the Commission is not in a position to approve such a program in this docket. Within 45 days after the pending accreditation is obtained, Georgia Power shall file with this agency a proposed program that would allow willing customers to purchase green energy at an established price. This program shall be at zero-cost to non-participants. The information filed in support of the implementation of this program shall include an analysis showing the price differential in the cost of offering a program based on green energy as opposed to green capacity.

#### **IV. ORDERING PARAGRAPHS**

**WHEREFORE IT IS ORDERED**, that the Commission grants Georgia Power's application for certification of the PPAs for Goat Rock Units 1 and 2.

**ORDERED FURTHER**, that the Commission grants the application for certification of the upgrades to the Goat Rock Hydroelectric Facilities.

**ORDERED FURTHER**, that the Commission holds open the application for certification of the Autaugaville PPA pending review of the revised bids submitted pursuant to the Commission's July 5, 2001 order.

**ORDERED FURTHER**, that when utilities are considering short-term PPAs, the Commission will waive the formal bid solicitation process for these shorter contracts when the scheduled capacity need is inside the window of the next Request For Proposal. The Commission will endeavor to accelerate the certification process assuming the utility has already notified the Commission of any change in load forecast.

**ORDERED FURTHER**, that in all future Requests For Proposals, Georgia Power and Savannah Electric will include in its solicitation request for bids of 15 and/or 20 years in addition to 7-year offers.

**ORDERED FURTHER**, that consistent with the Order issued July 5, 2001, the Commission will limit the amount of supply-side capacity provided through purchased power contracts to 30 percent of total supply-side resources. When the limit is reached, the utility will meet its next capacity need through a traditional self-build project to be placed in rate base.

**ORDERED FURTHER**, that Georgia Power and Savannah Electric consider all resource options available including a traditional self-build rate based generating facility when

evaluating projects to meet future capacity needs. Any Purchased Power Agreement considered for certification must be shown to be lower cost than the cost of a self-build option. Consistent with the Order on July 5, 2001, in all future RFPs, Georgia Power and Savannah Electric shall submit self-build proposals that are in agreement with the type of generation identified for the subject time frame in the utilities' most recent IRP.

**ORDERED FURTHER**, that the Commission adopts the Integrated Resource Plans developed by Georgia Power and Savannah Electric with the modifications set out below.

**ORDERED FURTHER**, that Georgia Power and Savannah Electric file with the Commission a copy of each load forecast update prepared by the Company as soon as it becomes available.

**ORDERED FURTHER**, that for the next load forecast Savannah Electric prepare a technical appendix to its load forecast similar to Georgia Power, which provides a more comprehensive set of tables, data, and information needed to evaluate the forecast.

**ORDERED FURTHER**, that Commission authorizes Phase 2 of the DLC program as modified with Staff's recommended cost caps through the year ending 2010.

**ORDERED FURTHER**, that both GPC and Savannah Electric shall continue providing information to customers about the EPA's Energy Star® programs. In addition, both Companies shall provide to the Commission within 180 days of the final order in this Docket a report addressing implementation of this process for the remaining 2001, 2002 and 2003.

**ORDERED FURTHER**, that GPC shall continue to fund the Residential Low-Income Weatherization Assistance Program consistent with Staff's recommendation. GPC shall budget the program at \$1 million per year.

**ORDERED FURTHER**, that Savannah Electric shall study the DSM value of a residential low income weatherization assistance program and of other potential energy conservation measures including, but not limited to, a compact fluorescent lighting program. Within 180 days of the final order in this docket Savannah Electric shall complete its study and shall file a proposed program for certification with this Commission. The Commission approves a budget level for the program not to exceed \$100,000 per year.

**ORDERED FURTHER**, that the Companies shall implement the residential measures that pass both the TRC Test and the RIM Test. In the alternative, the Companies may develop an energy efficiency information program for these measures. The Commission does not order the implementation of the two non-residential measures that passed both the TRC Test and the RIM Test.

**ORDERED FURTHER**, that in all future IRP filings and in any amendments to this order the Companies shall provide the information pertaining to the Southern Company Area interfaces and the targeted values of interface capability identified by Staff in this order.

**ORDERED FURTHER**, that Savannah Electric continue to study and monitor its transmission system to monitor and report on any significant developments on its import capability and transmission system stability.

**ORDERED FURTHER**, that the issue of whether the Dorchester transformer project should be implemented shall be deferred until the certification hearing early next year in response to the outstanding 2005/2006 RFP to determine whether a combined cycle generating plant located in Savannah is among the successful bidders, or whether at that time the Companies should be directed to implement the Dorchester project based upon a cost allocation that they have proposed and which the Commission subsequently approves.

**ORDERED FURTHER**, that within 45 days after receiving independent third-party accreditation, Georgia Power shall file with the Commission for its approval a proposed Green Energy Program that would allow willing customers to purchase green energy at an established price and is at zero-cost to non-participants. The information filed in support of the implementation of this program shall include an analysis showing the price differential in the cost of offering a program based on green energy as opposed to green capacity.

**ORDERED FURTHER**, that Georgia Power and Savannah Electric provide an assessment of pending environmental legislation in its next IRP filing.

**ORDERED FURTHER**, that Georgia Power conduct an assessment of the risks associated with environmentally-based challenges of the continued operation of its hydroelectric projects.

**ORDERED FURTHER**, that in conjunction with filing the Green Power Program, Georgia Power also shall file an analysis showing the price differential in the cost of offering a program based on green energy as opposed to green capacity.

**ORDERED FURTHER**, that no determinations are made as to the need, effectiveness or reasonability of any rates, tariffs and pricing strategies filed in conjunction with the IRPs in this Order. The feasibility and determination of the appropriate level of these rates, tariffs and pricing strategies shall be made in the general rate cases that are or will be filed by the Companies in 2001.

**ORDERED FURTHER**, that all findings of fact and conclusions of law contained within the preceding sections of this Order are hereby adopted as findings and conclusions of this Commission.

**ORDERED FURTHER**, that a motion for reconsideration, rehearing or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

**ORDERED FURTHER**, that jurisdiction over this matter is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in Special Administrative Session on July 12, 2001.

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Reece McAlister  
Executive Secretary

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Lauren McDonald, Jr.  
Chairman

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Date

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Date