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Georgia Public Service Commission

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Docket No. 5601-U

In the Matter of: Georgia Power Company's Application for Approval of An Integrated Resource Plan

ORDER ADOPTING INTEGRATED RESOURCE PLAN

Date Submitted: June 15, 1995

Date decided: August 7, 1995

APPEARANCES

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1. INTRODUCTION

A. Summary

The Commission adopts in this order, but with several modifications an Integrated Resource Plan ("IRP") applicable to Georgia Power Company ("Georgia Power," "GPC" or "Company"). The Commission issues this order to announce its decision within the statutory deadline, and may issue a later order describing its decision in greater detail.

The Commission is required under O.C.G.A. 46-3A-2 to make determinations as to the adequacy of the IRP and whether it contains certain information. This requirement is implemented by Commission Rule 515-3-4 (the Commission's IRP Rule). Georgia Power has substantially complied with all IRP Act and Commission IRP Rule requirements. Other issues addressed in this docket are regulatory treatment of DSM programs, DSM planning, supply-side planning, interruptible service credits and stand-by generation costs.

B. Jurisdiction and Issues

Georgia Power Company is a public electric utility serving retail customers within the State of Georgia. Georgia Power is one of the five operating companies that are part of the Southern Company system. This Commission has jurisdiction over Georgia Power's IRP pursuant to O.C.G.A. 46-2-1 *et seq.* generally and the Georgia IRP Statute, O.C.G.A. 46-3A-1 *et seq.* in particular.

The minimum issue addressed in this IRP docket is whether Georgia Power has satisfied the requirements of the IRP Act and the Commission's IRP Rule. Other general issues presented in this docket are a review of DSM certificates previously granted to Georgia Power in Docket No. 4132-U, reauthorization of the DSM programs under these certificates, and regulatory treatment for demand- - side, load-management, stand-by generation and interruptible service credit programs.

The Commission has the authority under O.C.G.A. 46-3A-6 to reexamine on its own motion any certificate granted under the IRP Act. The Commission previously determined it would address in this docket the issues raised by Georgia Power's proposal to surrender the GPC-2-DSM certificate, granted in Docket No. 4132-U (C&I portion), for Commercial and Industrial DSM programs.

The Commission decided to consider the annual reauthorization of Georgia Power's residential DSM programs as a part of this docket. Georgia Power's residential and C&I DSM programs were initially established on a three-year trial basis. The reauthorization review for 1995 was consolidated with the IRP evaluation to avoid duplication of issues.

The Commission takes note that separate proceedings were held in Docket No. 5600-U to conduct true-up reviews for Georgia Power's DSM cost-recovery riders, and to consider Georgia Power's proposal for recovery of DSM costs deferred in an Accounting Order during the pendency

of the appeal on Georgia Power's riders. The Commission also notes that Georgia Power's costs for interruptible service credits and stand-by generation service have been recovered through Georgia Power's DSM rider, but that this accommodation was challenged by certain parties who thus raised as an issue in this docket the continued use of the rider to recover these costs or some other method of prospective regulatory treatment.

The Commission must also adopt a forecast of future Georgia retail electricity requirements of Georgia Power. *See* O.C.G.A. 46-3A-5(b). The Commission adopts Georgia Power's forecast in this case, and it is therefore attached to and incorporated by reference this Order as Appendix A.

C. Statement of Proceedings

Georgia Power and Savannah Electric and Power Company (Savannah Electric), which is a Southern Company affiliate of Georgia Power, submitted their second Integrated Resource Plan (IRP) filings to the Commission on January 31, 1995, for approval pursuant to O.C.G.A. 46-3A-1 *el seq.*¹ The Commission determined that it was appropriate to conduct a general review of the Georgia Power demand-side management (DSM) program in this docket. Any amendments to the DSNi certificates shall be handled through separate filings by the utilities.

The Commission entered the Procedural and Scheduling Order on February 9, 1995 for the IRP dockets of Georgia Power and Savannah Electric. The Commission decided to hold concurrent and consolidated hearings and proceedings in these dockets. An informal meeting for all interested parties was held on February 13, 1995 so that Georgia Power and Savannah Electric could make available their personnel and documents to provide information and discuss the issues. On March 1, 1995, Georgia Power filed direct testimony supporting its IRP filing, and addressing other issues including certificate review and regulatory treatment.

The Commission established a fee on April 3, 1995 for Georgia Power's application for approval of the IRP and Commission review of DSM certificates. The total fee was \$450,898, which included \$52,980 for the costs of review of DSM certification filings incorporated within this docket. The Commission held the initial hearings in the Georgia Power and Savannah Electric dockets, which were the utilities' direct case, on March 28 through March 30, 1995. On May 1 and May 24, the Commission entered supplemental orders for procedures and schedules.

The Staff and Intervenors filed on May 8, 1995 separate direct testimony regarding Georgia Power's and Savannah Electric's IRP filings, DSM certificate reviews and regulatory treatment issues. Georgia Power filed rebuttal testimony on June 2, 1995. On June 9, 1995, Georgia Power and the Georgia Industrial Group filed information on surrebuttal issues and witnesses. The Commission took the Staff and Intervenors' direct testimony and all rebuttal and surrebuttal testimony at hearings

¹The Commission assigned Savannah Electric's IRP Docket No. 5602-U.

on June 13 through June 15, 1995. Resource Service Ministries, Inc. filed its brief on June 27, 1995. All other parties filed their briefs on June 30, 1995.

The previous IRP proceedings, held during 1992 on both utilities' filings, were handled as non-contested cases under the Georgia Administrative Procedure Act. The Commission held in the procedural and scheduling order of as docket, however, that this docket would be handled as a contested case.

II. SUPPLY-SIDE ISSUES - DESCRIPTION

A. Planning Process Overview

Southern Company does the supply-side for Georgia Power, which is one of the five operating electric utility companies within the Southern Company pool. Southern Company first develops a comprehensive catalog of potential supply-side options, then screens the options to identify the most likely cost-effective options and finally, selects the appropriate mix of supply-side resources for the Southern Company pool across the IRP planning horizon. (Tr. 1488.)

Southern Company considered a variety of supply-side options. Several options were eliminated due to geographical limitations or because of their very early stage of development. The second step in the analysis used the busbar cost screening analysis to determine the primary options for final consideration. The primary options identified by the analysis were combustion turbines, combined cycle-units and pulverized coal units. Staff witnesses McGaughy and Evans concluded that the three primary options were the most cost-effective technologies across the complete range of capacity factors. (Tr. 1488.) The final stage in the Southern Company supply-side analysis uses the PROVIEW computer model to select the appropriate mix of supply-side resources. The selected resources are then assigned to an operating company within Southern Company based mostly upon the operating companies' need for additional resources. (Tr. 1489.)

The PROVIEW model accounts for existing and planned demand-side programs by reducing the load forecast input into the model. The demand-side options are therefore not compared head-to-head against supply-side options in the final selection process. Staff witnesses McGaughy and Evans did not find this lack of direct comparison to be a deficiency in Southern Company's planning process. (Tr. 1491.)

B. Issues of Economic Assumptions

The Adversary Staff raised three issues regarding the economic assumptions in the supply-side planning process. The first was that Southern Company overestimated the availability and underestimated the price of economy energy. The second was that the impacts of Georgia Power's proposed load-building programs were not accounted for in the Company's load forecast. The third was that Southern Company's assumption of a higher rate of return on equity in the supply-side

selection process than currently approved for Georgia Power may have slightly biased the process towards combustion turbines.

The Adversary Staff performed a PROVIEW supply-side selection analysis after removing the economy purchases, adding the load-building programs and modifying the return on equity to 12.25%. The result was a supply-side selection different from the supply-side resources identified by Georgia Power's IRP with the modifications shown in Staff Exhibit 37.

C. Georgia Power Capacity Needs

The Adversary Staff expressed concern that the supply-side selection analysis used by Southern Company to determine the appropriate resources was biased toward peaking capacity. Such a bias would allow Georgia Power to defer adding intermediate capacity. The lack of intermediate capacity could lead to more dependence on peaking capacity, which requires more expensive fuel.

The Staffs supply-side recommendations also supported the purchase of capacity and energy from the proposed Mid-Georgia Cogen L.P. project (Mid-Georgia). According to Staff witnesses McGaughy and Evans, this purchase would be a reasonable way for Georgia Power to meet its capacity requirements in the year 1998. (Tr. 1497.)

The Staff also recommended that Georgia Power should meet its year 1999 capacity needs by contracting with one or more of the bidders from the short Eq retained from the year 1997 supply-side competitive bidding solicitation. Adversary Staff witnesses McGaughy and Evans concluded that:

[t]hese bidders have offered peaking capacity in both long and short-term arrangements. Georgia Power can satisfy its preference for short term arrangements by entering [into] such an agreement with one of the short-listed bidders, and at the same time, encourage the development of a competitive market for generation in Georgia. (Tr. 1498.)

Therefore, the Staff recommended that Georgia Power meet its year 2000 capacity needs by issuing an RFP solicitation by October 1995 for supply-side resources, to ensure that there will be enough construction time for intermediate capacity to be available by the end of the year 2000. The RFP would be for any type of supply-side resource, and Georgia Power may express a preference for short-term (ie., 5 to 10 years) resources.

D. Rocky Mountain Pumped Storage Plant

The Rocky Mountain Pumped Storage Plant is a jointly owned facility near Rome, Georgia, and is in the final stages of construction to be placed in service during summer 1995. Georgia Power

has included its ownership portion of the Rocky Mountain project in its Preferred IRP and Four Year Action Plan. The Commission previously found continuation of the Rocky Mountain project was unreasonable and not economically justifiable. (See Financing Order, Docket No. 3498-U, May 7, 1985.) The Commission gave notice to Georgia Power in the financing order that if Georgia Power decided to continue construction on Rocky Mountain, it would do so "without Commission authorized funding and at its own peril." (*Id.* at 10.)

Staff witnesses McGaughy and Evans conducted a PROVIEW supply-side selection analysis substituting a combustion turbine for the Rocky Mountain Project. The result of the analysis was that Georgia Power's ratepayers would save \$140 million if the Company had made this substitution. (Tr. 1500; *see also* Staff Exhibit 38.)

The Staff asked the Commission to require Georgia Power to prove that the Rocky Mountain project was economically justified when construction was initiated, and that cancellation at a later time would not have been justified, before the costs of the project can be included in Georgia Power's rates.

III. GEORGIA POWER'S LOAD FORECAST

The Staff expressed concern that Georgia Power's load forecast may have overstated the impact of the 1996 Olympic Games. (Tr. 1501.) The Commission will closely monitor Georgia Power Company's fuel cost recovery clause for 1996 to ensure that an excessive amount of short-term purchases are not included.

Georgia Power developed high, expected and low load forecasts, but only developed one estimate of how interruptible service, SE rates, TOU rates and RTP rates will affect peak demand. The Staff recommended that Georgia Power develop in its next IRP high, expected and low forecasts of interruptible service, SE rates, TOU rates and RTP rates to be used in conjunction with the three load forecasts. Georgia Power should work with the Staff to ensure that the separate load reduction impacts of these rates are estimated with the greatest possible accuracy. The Staff also asked that GPC's forecast be adjusted to incorporate the effects of load-building programs, which could affect the need for intermediate capacity sooner.

IV. DEMAND-SIDE ISSUES - DESCRIPTION

Georgia Power filed three alternate DSM plans in its IRP. These plans are the Societal Cost, Utility Cost, and Georgia Power's preferred plans. Georgia Power is required by Commission Rule 515-3-4-.04(5)(f) to use the Societal and Utility Cost Tests for screening DSM programs when developing alternative configurations of IRPs. Georgia Power complied with this rule. The Staff provided the Rate Measure Test and Total Resource Cost Test plans as additional options for the Commission.

Georgia Power's Preferred Plan would continue with the previously certified residential DSM programs, but use the Rate Impact Measure (RIM) Test to screen all future DSM programs. If the RIM test were used, commercial and industrial DSM programs would be discontinued. By contrast, the Societal Cost Test Plan would include programs for existing buildings and new construction in the residential, commercial and industrial sectors. The Utility Cost Test Plan would also include DSM programs for existing buildings in the residential, commercial and industrial sectors. The Rate Impact Measure Test Plan would result in no "traditional conservation" programs, although load-management DSM programs could pass the RIM test. According to Staff witness Spellman the Total Resource Cost Test Plan implemented with the rate impact cap "would implement the same programs as in the Societal Plan but at a much lower cost, and with much lower rate impacts." (Tr. 788.)

The Societal Cost Test Plan results in 343 MW of demand reduction and energy savings of over 4 billion kWh on an annual basis, and DSM spending of almost \$720 million over the next nine years. The Utility Cost Test Plan creates 274 MW of demand reduction, approximately 3 billion kWh in annual energy savings, and DSM spending of about \$149 million through 2004. Georgia Power's Preferred plan results in 74 MW of demand reduction, approximately 487 million kWh in annual energy savings, and DSM spending of about \$95 million through 2004. (Tr. 761).

Several parties filed a Joint Motion seeking approval of a stipulation covering the demand-side issues in this proceeding. These parties included Georgia Power, the Consumers' Utility Counsel, Georgia Industrial Group, the Georgia Textile Manufacturers Association, Resource Service Ministries, the United Mine Workers of America and North Georgia Building and Construction union, and the U.S. Department of Defense and Federal Executive Agencies. The Joint Motion and Stipulation are attached as Appendix C and incorporated herein by reference.

A. Benefit/Cost Tests

There are five principal benefit/cost tests typically used in evaluating DSM as a part of integrated resource planning. These tests are the Participant, Rate Impact Measure, Total Resource Cost, Utility Cost and Societal Cost Tests.² Staff witness Spellman provided the following of these tests (Tr. 738-742):

- * The Participant Test measures the cost and benefits of a program to a customer who participates in the program.
- * The Rate Measure Test measures the changes in customer rates as a result of changes in utility revenues and operating costs.

²The major components of these benefit/cost tests listed in Table 1 (Tr. 737) of Staff witness Spellman's direct testimony. The Commission notes that these benefit/costs tests are only used for evaluating DSM programs.

- * The Utility Cost Test measures the "net costs of a demand-side management program as a resource option based on the costs incurred by the utility (including incentive costs) and excluding any net costs incurred by the participant." (California Public Utilities Commission and California Energy Commission, Standard Practice Manual Economic Analysis of Demand-Side Management Programs, p. 33, December 1987.)
- * The Total Resource Cost Test "measures the net costs of a demand side management program as a resource option based on the total costs of the program including both the participant's and the utility's costs." (Id. at 25.)
- * The Societal Cost Test is the same as the Total Resource Cost Test except "that it attempts to quantify the change in total resource costs to society as a whole rather than to only the service territory (the utility and its ratepayers)." (Id. at 27.)

The Societal Cost Test includes externalities such as health costs associated with air pollution or benefits that result from reduced emissions of nitrogen oxides and sulfur dioxide from utility power plants. The Societal Cost Test also uses a societal discount rate, which is lower than Georgia Power's cost of capital discount rate. The use of the societal discount rate has the effect of showing the net present value of benefits as being higher than would be shown by using the utility cost of capital as in the other tests.

B. Low-Income Residential DSM Programs

The Commission certified a low-income residential DSM program in Docket No. 4132-U. This program is administered by the Georgia Environmental Facilities Authority's Division of Energy Resources, but the Commission retains oversight of the program. This program like the other residential programs, was certified for a three-year period.

C. Load Management

Georgia Power stated that it will conduct research and development activities in load management. (Georgia Power 1995 IRP, pp. 5-17 - 5-18.) Georgia Power also plans to file for certification of pilot load management programs for residential, small commercial and industrial customers in 1996. (Georgia Power Response to GDS-4-46, Staff Exhibit 7.) The Staff supported Georgia Power's efforts to find cost-effective load management programs for the Company's customers, and recommended that all non-load building programs that pass the RIM Test and the Total Resource Cost Test be implemented.

D. Reauthorization of Residential DSM Program Through 1995

The Staff recommended that the Commission re-authorize, with one modification, the existing construction residential DSM program through the end of 1995. The modification would be to

discontinue the attic insulation rebate for upgrading from between R-8-R-18 to R-30. The Staff also recommended that the Commission re-authorize the new construction residential program for the remainder of 1995, with the expectation that Georgia Power would file a certificate for a new Super Good Cents Program later in 1995 for implementation at the beginning of 1996. Georgia Power would file by the end of 1995 either a new certificate application or an application for an amended certificate for these residential DSM programs.

V. REGULATORY TREATMENT OF DSM PROGRAMS

Regulatory treatment of DSM programs currently consists of incentives and program costs that are recovered through a rider mechanism. The Commission addressed Georgia Power DSM regulatory treatment issues in previous IRP and DSM certification dockets. (See Amended Order Approving and Adopting Integrated Resource Plan Applicable to Georgia Power Company, Docket No. 4131-U, August, 1992; Certificate of Public Convenience and Necessity No. GPC-1-DSM, Application of Georgia Power Company for Certification of Demand-Side Programs, Docket No. 4132-U, January 1993; Certificate of Public Convenience and Necessity No. GPC-2-DSM, Application of Georgia Power Company for Certification of Commercial and Industrial Demand-Side Programs, Docket No. 4132-U, August 1993.)

The current mechanism for Georgia Power to recover incentives and costs associated with DSM programs is through riders for the residential and both small and large C&I (commercial and industrial) classes. The Commission adopted the riders primarily because of the initial uncertainty of DSM program costs.

The Staff presented an alternative approach, described by witness Spellman to fully recover actual DSM program costs through a test year method without frustrating the letter or intent of O.C.G.A. 46-3A-9. DSM costs would be recovered through rates rather than riders. (*See* Tr. 786-787.) Furthermore, the Staff proposal would permit review of DSM programs at the same time as other general operating issues, which would increase the effectiveness and efficiency of these programs. (Tr. 786-787.)

VI. Interruptible Service Credits and Stand-by Generation Costs

The Commission certified, in Docket No. 4133-U, interruptible service credits and stand-by generation costs as supply-side rather than demand-side options. The Commission permitted Georgia Power to recover the costs of these services through an adjustment rider because these services were relatively new for Georgia Power. (Certificate of Public Convenience and Necessity No. GPC- I -SS, Application of Georgia Power Company for Certification of Supply-Side Programs, Docket No. 4133-U, p. 48, January 1993.) Furthermore, the Commission found that such recovery would provide the necessary time to determine customer response and participation levels. *Id*

The Staff stated that the amount of interruptible service and stand-by generation on the Georgia Power system has leveled off, so the trial phase of these services should be over. The Commission had previously ruled that "once a trial phase has been completed, the recovery of these payments is best reflected in base rates rather than treated as a flow-through item in a rate adjustment rider mechanism." (Certificate of Public Convenience and Necessity No. GPC-1-SS, p. 48.)

VII. FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Load Forecast

The Company's load forecast is based on substantially accurate data and the Company used an adequate method of forecasting. The Commission therefore adopts the Company's forecast as shown in Appendix A. Any overestimates by Georgia Power do not impact the selection of demand-side or supply-side resources at issue in this proceeding, but are significant if the Company purchases short-term power for the Olympics. Accordingly, the Commission reminds Georgia Power of its responsibility to properly forecast load requirements based on the best, most recent data available so that the Company does not procure excess capacity.

B. Supply-Side Plan

The Commission adopts the supply-side portion of Georgia Power Company's IRP as modified by Staff Exhibit 37 as shown on Appendix B attached hereto and incorporated herein by reference.

Georgia Power Company is directed to work toward finalizing an agreement with the Mid-Georgia Cogen Project to meet its 1998 capacity needs, and to file any such contract by September 1, 1995. The Company is further directed to negotiate an agreement with one or more of the short-listed bidders retained from the year 1997 supply-side competitive bid solicitation for its year 1999 capacity needs.

In addition, Georgia Power is directed to meet its year 2000 capacity needs by issuing an RFP solicitation by October 1995 for supply-side resources. The RFP shall be for any type of supply-side resource, and GPC may express a preference for short-term (i.e., 5 to 10 years) resources.

Since Georgia Power has included its ownership portion of the Rocky Mountain project in its Preferred IRP and Four Year Action Plan, the Commission will require Georgia Power to prove that the Rocky Mountain project was economically justified when construction was initiated, and that cancellation at a later time would not have been justified, before the costs of the project can be included in Georgia Power's rates.

C. Demand-Side Management

The provisions of the Joint Stipulation which address DSM and regulatory treatment issues, are approved and adopted as shown in Appendix C. However, the Commission finds and concludes further that the appropriate cost benefit test that shall be used for any new DSM programs shall be the Rate Impact Measure ("RIM") test. Any incentive mechanism for future programs will be addressed by the Commission in subsequent proceedings applicable to such programs. In addition, the Commission will not approve the use of any rider for new programs during this three-year IRP period; nor will the Commission approve accrual accounting order treatment for any such programs. Any costs of such programs shall be expensed on an annual basis.

D. Fuel Substitution and Strategic Load Building

In order to ensure that the utility has an incentive to promote the installation of high efficiency appliances, the Commission adopts the policy proposed by the Staff as follows: the utility receiving the new load (whether it be gas or electric) is allowed to conduct load building programs to encourage the installation of high efficiency appliances for space and water heating, and space cooling. The Commission will not allow the use of a rider for expenditures on load building programs that are allowed under Commission policy.

E. Interruptible Service (IS) Credits and Stand-By Generation Costs

The recovery of IS credits and Stand-By Generation costs shall be as set forth in the Joint Stipulation adopted herein. The Commission further directs Georgia Power to develop IS rates that may be offered in place of, or in addition to, the IS credit program.

F. Load Forecast Effects of Rate Design

The Commission directs Georgia Power to develop in future IRP filings high, expected and low forecasts of bad impacts from interruptible service, SE rates, TOU rates, and RTP rates to be used in conjunction with high, expected and low load forecasts.

VIII. ORDERING PARAGRAPHS

A. The Commission adopts Georgia Power's forecast as shown on Appendix A attached hereto and incorporated herein by reference. The Commission reminds Georgia Power of its responsibility to properly forecast load requirements based on the best, most recent data available so that the Company does not procure excess capacity. The Commission will closely monitor Georgia Power Company's fuel cost recovery-clause for 1996 to ensure that an excessive amount of short-term purchases are not included.

B. The supply-side portion of Georgia Power Company's IRP is adopted as modified by Staff Exhibit 37 and shown on Appendix B attached hereto and incorporated herein by reference.

C. Georgia Power Company is directed to work toward finalizing an agreement with the Mid-Georgia Cogen Project to meet its 1998 capacity needs, and to file any such contract by September 1, 1995. The Commission directs Georgia Power Company to negotiate an agreement with one or more of the short-listed bidders retained from the year 1997 supply-side competitive bid solicitation for its year 1999 capacity needs: Georgia Power is directed to meet its year 2000 capacity needs by issuing an RFP solicitation by October 1995 for supply-side resources. The RFP shall be for any type of supply-side resource, and Georgia Power may express a preference for short term (i.e., 5 to 10 years) resources.

D. The Commission will require Georgia Power to prove that the Rocky Mountain project was economically justified when construction was initiated, and that cancellation at a later time would not have been justified, before the costs of the project can be included in Georgia Power's rates.

E. The Commission directs Georgia Power Company to develop in future IRP filings high, expected and low forecasts of load impacts from interruptible service, SE. rates, TOU rates, and RTP rates to be used in conjunction with high, expected and low load forecasts. Georgia Power shall work with the Commission Staff to ensure that these forecasts correctly account for load reductions attributable to each of these rate offerings.

F. The Commission directs Georgia Power to develop interruptible service rates that can be offered in place of, or in addition to, the interruptible service credit program.

G. The demand-side programs, the regulatory treatment for demand-side programs as well as for interruptible service credits and stand-by generation program costs, and new load management programs shall be as established pursuant to the Joint Stipulation, which is hereby approved and adopted as shown in Appendix C and discussed in this Commission's findings and conclusions.

H. The appropriate cost benefit test that shall be used for any new DSM programs shall be the Rate Impact Measure (RIM) test. Any incentive mechanism for future programs will be addressed by the Commission in subsequent proceedings applicable to such programs. In addition, the Commission will not approve the use of any rider for new programs during this three-year IRP period; nor will the Commission approve accrual accounting order treatment for any such programs. Any costs of such programs shall be expensed on an annual basis.

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 Administrative Session on the 7th day of August, 1995.

Terri M. Lyndall
Executive Secretary
August 7, 1995

Bob Durden
Chairman
August 7, 1995

APPENDIX A
DOCKET NO. 5601-U

GEORGIA POWER LONG-TERM FORECAST

Table 3.2 - Summary of Annual Sales, Requirements, and Peak Demand

Actual and Budget 1995 Forecast

Year	Res (GWH)	Com (GWH)	Ind (GWH)	Street Lighting (GWH)	MARTA CGWH)	Total Retail (GWH)	Total W sale (GWH)	Total Reqmnts (GWH)	Total Supply IGWH)	Peak Demand fmv)	Load (%)
Actual											
1983	11,443	10,182	17,415	247	85	39,372	5,903	45,276	49,002	10,197	54.86
1984	11,549	10,902	13,863	250	92	41,656	6,185	47,841	51,469	9,892	59.40
1985	12,006	11,946	19,518	252	131	43,852	6,569	50,421	54,801	10,791	57.97
1986	13,234	12,946	20,339	248	134	46,901	6,950	53,552	57,804	11,291	58.44
1987	13,676	13,799	20,884	250	135	48,745	7,253	55,998	60,075	11,433	59.98
1988	13,800	14,791	21,413	252	145	50,401	7,478	57,879	61,673	11,815	59.59
1989	14,134	15,843	21,801	266	149	52,193	7,687	59,880	64,061	12,100	60.44
1990	14,772	16,627	22,127	279	149	53,954	7,949	61,903	65,896	12,476	60.29
1991	14,815	16,886	22,298	265	145	54,428	7,800	62,228	66,880	12,773	59.77
1992	14,939	17,261	22,978	289	147	55,614	8,313	63,928	67,698	12,724	60.74
1993	16,650	18,279	23,635	297	164	59,025	8,752	67,777	71,392	13,653	59.69
Forecast											
1994	16,222	18,418	24,065	303	169	59,176	8,779	67,954	73,399	13,695	61.18
1995	16,531	19,052	24,702	308	174	60,767	8,983	69,750	75,342	14,075	61.11
1996	16,982	19,896	25,295	313	196	62,680	9,274	71,954	77,737	15,019	59.09
1997	17,049	20,225	25,851	317	196	63,06	9,419	73,055	78,914	14,773	60.98
1998	17,294	20,668	26,489	320	198	64,988	9,674	74,662	80,647	15,106	60.94
1999	17,532	20,979	27,080	323	201	66,116	9,919	76,034	82,125	15,388	60.92
2000	17,760	21,315	27,728	326	204	67,332	10,169	77,501	83,704	15,685	60.92
2001	18,033	21,613	28,315	329	207	68,497	10,424	78,922	85,234	15,978	60.90
2002	18,310	21,938	28,999	332	210	69,789	10,713	80,503	86,935	16,298	60.89
2003	18,562	22,242	29,644	335	213	70,997	10,971	81,968	88,512	16,595	60.89
2004	18,835	22,598	30,453	338	216	72,440	11,278	83,718	90,394	16,944	60.90
2005	19,192	23,028	31,243	342	219	74,023	11,608	85,631	92,454	17,332	60.89
2006	19,514	23,395	32,064	345	221	75,538	11,933	87,471	94,433	17,700	60.90
2007	19,902	23,794	32,936	348	224	77,204	12,288	89,492	96,607	18,108	60.90
2008	20,241	24,227	33,736	352	227	78,783	12,627	91,409	98,670	18,496	60.90
2009	20,632	24,712	34,627	355	230	80,556	13,010	93,566	100,992	18,933	60.89
2010	21,078	25,182	35,594	358	233	82,445	13,422	95,867	103,467	19,400	60.88
2011	21,490	25,606	36,400	361	236	84,094	13,788	97,882	105,636	19,812	60.87
2012	21,919	26,067	37,125	364	239	85,714	14,142	99,856	107,763	20,221	60.84
2013	22,354	26,563	37,899	368	242	87,426	14,435	101,861	109,926	20,637	60.81
2014	22,750	27,041	38,548	371	245	88,965	14,692	103,647	111,554	21,010	60.77

Note: Actual values are calendar month sales. Supply and peak demands exclude OPC.
Forecasted values are calendar month sales adjusted for RTP, TOU, SE and DSOs.

Table 3.3 - Summary of Annual Sales, Requirements, and Peak Demand Growth Rates

Year	Actual and Budget 1995 Forecast										
	Res	Com	Ind	Street Lighting	MARTA	Total Retail	Total W sale	Total Reqmnts	Total Supply	Peak Demand	Load Factor
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Actual											
1984	0.9	7.1	8.3	1.1	9.0	5.8	4.8	5.7	5.0	-3.0	8.3
1985	4.0	9.6	3.5	0.8	41.4	5.3	62	5.4	6.5	9.1	-2.4
1986	102	8.4	42	-1.3	2.3	7.0	5.8	6.8	5.5	4.6	0.8
1987	3.3	6.6	2.7	0.7	1.4	3.9	4.3	4.0	3.9	1.3	2.6
1988	0.9	7.2	2.5	0.9	7.4	3.4	3.1	3.4	2.7	3.3	-0.7
1989	2.4	7.1	1.8	5.3	2.1	3.6	2.8	3.5	3.9	2.4	1.4
1990	4.5	4.9	1.5	5.2	0.4	3.4	3.4	3.4	2.9	3.1	-0.2
1991	0.3	1.6	0.8	1.8	-3.1	0.9	-1.9	0.5	1.5	2.4	0.9
1992	0.8	2.2	3.1	1.5	1.9	2.2	6.6	2.7	1.2	-0.4	1.6
1993	11.5	5.9	2.9	2.8	11.2	6.1	5.3	6.0	5.5	7.3	-1.7
Forecast											
1994	-2.6	0.8	1.8	2.0	3.1	0.3	0.3	0.3	2.8	0.3	2.5
1995	1.9	3.4	2.6	1.6	3.1	2.7	2.3	2.6	2.6	2.8	-0.1
1996	2.7	4.4	2.4	1.5	12.4	3.1	3.2	3.2	3.2	6.7	-3.3
1997	0.4	1.7	2.2	1.3	0.1	1.5	1.6	1.5	1.5	-1.6	3.2
1998	1.4	2.3	2.5	1.1	1.0	2.1	2.7	2.2	2.2	2.3	-0.1
1999	1.4	1.4	2.2	1.0	1.5	1.7	2.5	1.8	1.8	1.9	-0.0
2000	1.3	1.6	2.4	0.9	1.5	1.8	2.5	1.9	1.9	1.9	-0.0
2001	1.5	1.4	2.1	0.9	1.5	1.7	2.5	1.8	1.8	1.9	-0.0
2002	1.5	1.5	2.4	0.9	1.5	1.9	2.8	2.0	2.0	2.0	.0.0
2003	1.4	1.4	2.2	0.9	1.5	1.7	2.4	1.8	1.8	1.8	-0.0
2004	1.5	1.6	2.7	1.0	1.3	2.0	2.8	2.1	2.1	2.1	0.0
2005	1.9	1.9	2.6	0.9	1.3	2.2	2.9	2.3	2.3	2.3	-0.0
2006	1.7	1.6	2.6	0.9	1.3	2.0	2.8	2.1	2.1	2.1	0.0
2007	2.0	1.7	2.7	1.1	1.3	2.2	3.0	2.3	2.3	2.3	.0.0
2008	1.7	1.8	2.4	1.0	1.3	2.0	2.6	2.1	2.1	2.1	.0.0
2009	1.9	2.0	2.6	0.9	1.3	2.3	3.0	2.4	2.4	2.4	-0.0
2010	2.2	1.9	2.8	0.9	1.3	2.3	3.2	2.5	2.5	2.5	-0.0
2011	2.0	1.7	2.3	0.9	1.3	2.0	2.7	2.1	2.1	2.1	-0.0
2012	2.0	1.8	2.0	0.9	1.3	1.9	2.6	2.0	2.0	2.1	-0.0
2013	2.0	1.9	2.1	0.9	1.3	2.0	2.1	2.0	2.0	2.1	-0.0
2014	1.8	1.8	1.7	0.9	1.3	1.7	1.8	1.5	1.8	1.8	-0.1

Note: Actual values are calendar month sales. Supply and peak demands exclude OPC. Forecasted values are calendar month sales adjusted for RTP, TOU, SE and DSOs.

Source: Georgia Power January 1995 IRP Filing, Table 3.3

APPENDIX B
DOCKET NO. 5601-U

GEORGIA POWER SUPPLY-SIDE ADDITIONS

Incremental MW
(Excluding Previously Certified Additions)

Year	Peaking (Combustion Turbine)	(Combined Cycle)	Intermediate (Coal)	BaseLoad	Total
1995	0		0	0	0
1996	0		0	0	0
1997	0		0	0	0
1998	0		287	0	287
1999	300		0	0	300
2000	100		479	0	579
2001	300		0	0	300
2002	0		335	0	335
2003	0		383	0	383
2004	100		287	0	387
2005	0		575	0	575
2006	0		479	0	479
2007	0		575	0	575
2008	300		287	0	587
2009	0		383	595	978
2010	0		0	0	0
2011	700		431	0	1,131
2012	0		0	860	860
2013	800		0	132	932
2014	900		0	198	1,098

Source: Adversary Staff Ex. (GDS-3)

GEORGIA POWER SUPPLY-SIDE ADDITIONS

Cumulative **MW**
(Excluding Previously Certified Additions)

Year	Peaking (Combustion Turbine)	Intermediate (Combined Cycle)	Intermediate (Coal)	BaseLoad	Total
1995	0		0	0	0
1996	0		0	0	0
1997	0		0	0	0
1998	0		287	0	287
1999	300		287	0	587
2000	400		766	0	1,166
2001	700		766	0	1,466
2002	700		1,101	0	1,801
2003	700		1,484	0	2,184
2004	800		1,771	0	2,571
2005	800		2,346	0	3,146
2006	800		2,825	0	3,625
2007	800		3,400	0	4,200
2008	1,100		3,687	0	4,787
2009	1,100		4,070	595	5,765
2010	1,100		4,070	595	5,765
2011	1,800		4,501	595	6,896
2012	1,800		4,501	1,455	7,756
2013	2,600		4,501	1,587	8,688
2014	3,500		4,50	11,785	786

Source: Adversary Staff Ex. (GDS-3)

DOCKET NO. 5601-U
Appendix C

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re:)
Georgia Power Company's Application)
For Approval of) Docket No. 5601-U
An Integrated Resource Plan)

In Re:)
Review of Georgia Power Company's) Docket No. 5600-U
Demand-Side Riders)

JOINT MOTION FOR APPROVAL
OF STIPULATION

COME NOW the undersigned Parties ("The Parties") and move that the Georgia Public Service Commission ("Commission") approve the terms of this Agreement ("Joint Stipulation") and issue an Order resolving the issues addressed in the Joint Stipulation in accordance with its terms. In support of this motion, The Parties state that:

1. As a result of negotiations to which all parties to Docket Nos. 5601-U and 5600-U were invited, The Parties have reached this Joint Stipulation which provides for mutually satisfactory resolution of several issues in the proceedings on both Georgia Power's 1995 IRP (relating to Demand-Side Management) (Docket No. 5601-U) and the True-Up Proceeding on Georgia Power's Demand-Side Riders (Docket No. 5600-U).

2. The Parties agree that the terms and conditions of the Joint Stipulation provide just and reasonable resolution of some of the matters before the Commission in these proceedings and that approval of the Joint Stipulation is in the public interest and will result in an efficient and effective discharge of the Commission's statutory responsibilities.

3. If the Commission does not approve by Order the Joint Stipulation in its entirety, it will be deemed to be null and void and shall not constitute any part of this proceeding or be used for any other purpose.

4. The negotiation of this Joint Stipulation has been undertaken by the Parties with the understanding, and expectation that all offers of settlement and discussions and documents related thereto are and shall be privileged, shall be without prejudice to the positions of any party in the event the motion is denied, and are not to be used in any manner in connection with these or any other proceedings, except as may be necessary in a proceeding for the purpose of securing enforcement of the terms and conditions of the Joint Stipulation.

5. Except as expressly agreed by The Parties in the Joint Stipulation, neither this Joint Stipulation nor the Motion shall be construed as a waiver or admission by any party of any position that has been previously taken in this proceeding.

6. This Motion shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in this proceeding is true or false, and the willingness of The Parties to enter into this Joint Stipulation is dependent on the continual inclusion of each and every term in the Stipulation.

WHEREFORE, The Parties hereto pray that the Commission Order that:

- (a) Current DSM programs will be discontinued as soon as practicable, but no later than December 31, 1995. The Company will stop promoting the programs immediately. The Company will not commit to audits which are tied to rebates (under the Existing Construction program) or commit to rebates to builders (under the New Construction program) after September 1, 1995. [Relates to 1995 IRP, Docket No. 5601-U.]
- (b) Any new DSM programs for the 1995 IRP period (1996-98) will not raise rates. [Relates to 1995 IRP, Docket No. 5601-U.]
- (c) The following items of cost will not be recovered through the riders: Interruptible Service Credits (as of 1/1/95); Standby Generation (as of 1/1/95); 1992 IRP preparation costs; rewards for 1993, 1994, 1995. Nor will any penalties for 1993, 1994 or 1995 be assessed. [Relates to both 1995 IRP, Docket No. 5601-U, and DSM Rider True-Up, Docket No. 5600-U.]
- (d) Effective September 1, 1995, the riders will be set at the following levels: .0157 cents per kwh for the residential rider, 1.09996% of base revenues for the Small C&I rider, and .93435% of base revenues for the Large C&I rider. The riders will continue for sufficient time to collect costs accrued and expenses incurred as of December 31, 1995, except for No. 2 above (1995 IS, 1995 SBG, IRP preparation costs, 1993-95 reward/penalty). Other than in No. 2 above, collection will include types of costs initially authorized in Docket Nos. 4132-U and 4133-U and requested by the Company in Docket No. 5600-U. The total amount to be collected through the riders will not exceed \$80,000,000. On or before March 1, 1996, the Company will file a final report describing the type and amount of costs accrued and expenses incurred as of December 31, 1995. In Addition, the Company will report quarterly on the amount of expenses collected through the rider during the previous quarter and the remaining balance to be collected. (Relates to both Docket No. 5601-U and Docket No. 5600-U.)
- (e) As soon as practicable, Georgia Power will file additional interruptible and/or load management rates for residential, commercial, and industrial customers. [Relates to 1995 IRP, Docket No. 5601-U.]

7. This Joint Stipulation shall be binding upon all signators hereto. This Joint Stipulation is entered into for purposes of settlement and compromise only and shall not be binding on any party if not adopted by the Commission and incorporated in its entirety in the final orders issued in these proceedings. Furthermore, if adopted, and except as necessary to

effectuate the agreements contained herein, this Joint Stipulation shall not be taken in any subsequent case as precedent or construed as a waiver by any Party of any legal rights or objections it may have related to any term of this Stipulation. This Stipulation is meant to apply only to those issues expressly addressed herein and The Parties hereto reserve their rights and objections with respect to all other issues.

8. This Joint Stipulation may be executed in any number of counterparts, all of which shall constitute one and the same Joint Stipulation.

This 5th day of August, 1995.

effectuate the agreements contained herein, this Joint Stipulation shall not be taken in any subsequent case as precedent or construed as a waiver by any Party of any legal rights or objections it may have related to any term of this Stipulation. This Stipulation is meant to apply only to those issues expressly addressed herein and The Parties hereto reserve their rights and objections with respect to all other issues.

8.. This Joint Stipulation may be executed in any number of counterparts, all of which shall constitute one and the same Joint Stipulation.

This 5th day of August, 1995.

EXECUTED COUNTERPARTS

This Joint Stipulation may be executed in any number of counterparts, all of which shall constitute one and the same Joint Stipulation.

\$80 MILLION DEFERRED BALANCE AS OF 12/31/95

<i>Residential Rider Amount</i>		<i>.1 57 c/kWh</i>		
<i>(Beginning September 1, 1995)</i>				
	Total	Residential	Small C&I	Large C&I
Estimated Deferred Balance at 12-31-95	\$79,963,167	\$63,698,974	\$5,978,753	\$10,285,440
<i>Revenue Summary</i> (000's):	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Total</u>
Residential	\$25,699	\$25,800	\$19,727	\$71,226
Small C&I	\$6,236			
Large C&I	<u>10,728</u>			
Total C&I	\$16,964			