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Docket No. 31082

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In Re: Georgia Power Company's Application for Approval of its 2010
Integrated Resource Plan

Docket No. 31082

In Re: Georgia Power Company's Application for the Certification of
Demand-Side Management Programs for its 2010 Integrated
Resource Plan

FINAL ORDER

Record Submitted: June 29, 2010

Decided: July 6, 2010

APPEARANCES:

On behalf of the Georgia Public Service Commission Public Interest Advocacy Staff: Jeffery C. Stair, Esq. and Daniel Walsh, Esq.; On behalf of Georgia Power Company: Kevin C. Greene, Esq., Brandon Marzo, Esq. and Drew Wooldridge, Esq.; On behalf of the Georgia Environmental Facilities Authority: David Gipson; On behalf of the Georgia Industrial Group: Randall Quintrell, Esq.; On behalf of the Georgia Traditional Manufacturers Association: Charles B. Jones, III, Esq.; On behalf of Georgia Interfaith Power & Light: Nathaniel Hunt, Esq., Renee Kastanakis, Esq. and Jill Tauber, Esq.; On behalf of Georgia Solar Energy Association: Newton Galloway, Esq., Terri M. Lyndall, Esq. and Chad Torri, Esq.; On behalf of Georgia Watch: Clare McGuire, Esq.; On behalf of KGen Power Management, Inc.: Michael S. Bradley, Esq. and Marsha A. Ward, Esq.; On behalf of Resource Supply Management: Jim Clarkson; On behalf of Southern Alliance for Clean Energy: Rita Kilpatrick and Robert Smiles, Esq.

I. STATEMENT OF PROCEEDINGS

On January 29, 2010, Georgia Power Company ("Georgia Power" or the "Company") submitted to the Georgia Public Service Commission ("Commission") an application for Integrated Resource Plans ("IRP" or "Plan") for approval pursuant to O.C.G.A. § 46-3A-1 through 11 ("IRP Act" or "Act") and its Application for the Certification of Demand-Side Management Programs ("DSM Application") for the 2010 Integrated Resource Plan. On February 10, 2010, the Commission issued its Procedural and Scheduling Order in both dockets setting forth the dates for filing of testimony and briefs, as well as the date for a hearing in this matter. 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). Briefs and/or proposed orders were required to be filed in both dockets on June 18, 2010.

In accordance with O.C.G.A. § 46-3A-5(c), the Commission established fees for review of the IRP within sixty days of the filing of the applications. On March 16, 2010 the Commission concluded that \$307,716.00 was the appropriate fee for the Company's Integrated Resource Plan. The Commission also concluded that the appropriate fee for review of the Company's Application for Certification in Docket No. 31082 was \$114,726.00.

Pursuant to the Procedural and Scheduling Order, on April 1, 2010, Georgia Power pre-filed the panel testimony of Jeffrey A. Burlison, Larry T. Legg and Garey C. Rozier in Docket No. 31081. Also, on April 1, 2010, in Docket No. 31082, the Company submitted separate pre-filed testimony of Mr. Legg. On April 13, 2010, the Commission held a hearing in both dockets to consider the Company's pre-filed testimony.

On May 7, 2010, Public Interest Advocacy Staff ("PIA Staff") and intervenors pre-filed direct testimony. In Docket No. 31081, PIA Staff pre-filed the panel testimony of Richard F. Spellman, Caroline L. Guidry and John L. Kaduk, the panel testimony of John W. Chiles, Dan Peaco, Brian D. Smith, Paul Wielgus and the testimony of John W. Hutts. In Docket No. 31082, PIA Staff pre-filed the joint testimony of Mr. Spellman and Ms. Guidry.

The pre-filed testimony submitted by Georgia Interfaith Power & Light ("GIPL"), Georgia Watch and Resource Supply Management in Docket No. 31081 was identical to the pre-filed testimony these respective parties submitted in Docket No. 31082. GIPL sponsored the testimony of Hale Powell, and the joint testimony of Reverend Woody Bartlett, Alexis Chase and Very Reverend William Thomas Deneke. Georgia Watch submitted the pre-filed the testimony of Jay Hakes. Resource Supply Management pre-filed the testimony of Daniel R. Simmons. Southern Alliance for Clean Energy submitted the pre-filed testimony of John D. Wilson in both dockets; however, the testimony was not identical. In Docket No. 31081, Georgia Solar Energy Association pre-filed the joint testimony of Lee J. Peterson, and James B. Marlow, Jr. The Commission held a hearing on the PIA Staff and Intervenor pre-filed testimony on May 19, 2010.

On May 28, 2010, Georgia Power pre-filed the rebuttal testimony of Mssrs. Burlison, Rozier and Legg. The Commission held a hearing on the Company's rebuttal testimony on June 10, 2010.

On June 17, 2010, subsequent to the hearing on the Company's rebuttal testimony, the PIA Staff and the Company entered into a Stipulation designed to resolve the issues raised in these dockets (the "Stipulation"). A copy of the Stipulation is attached to this Order as Exhibit A and incorporated herein by this reference.

The parties filed their briefs and proposed orders on June 18, 2010, and the Commission held hearings on the Stipulation on June 29, 2010. The Commission decided the matter at a regularly scheduled Administrative Session on July 6, 2010. In doing so, the Commission hereby adopts in this Final Order, with modifications and further directives, the IRP filed by Georgia Power. In doing so, the Commission sets forth in this Order further direction to Georgia Power for further reporting and analysis to be performed and provided to the Commission prior to or in conjunction with its next IRP filing, amendment or application for de-certification. This Order issues directives by the Commission that are to be followed by its Staff in order to facilitate the Demand-Side Management Working Group ("Working Group"). Finally, this Order certifies, with modifications, seven of the nine DSM programs included in the Company's DSM Application.

II. JURISDICTION AND AUTHORITY

Georgia Power is a public electric utility serving retail customers within the State of Georgia. Georgia Power is one of the retail operating companies of which the Southern Company system is comprised. This Commission has jurisdiction over Georgia Power's IRP and DSM Application pursuant to O.C.G.A. § 46-2-20, 46-2-21, 46-2-23 generally, and the IRP Act in particular.

The IRP Act requires the Company to file an Integrated Resource Plan at least every three years.¹ The Company's obligations with respect to the information that is filed is set forth pursuant to criteria identified in the Commission's 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; program for meeting the requirements shown in its forecast in an economical and reliable manner; the analysis of all capacity resource options, including both demand-side and supply-side options; and the assumptions used and the conclusions reached with respect to the effect of each capacity resource option on the future cost and reliability of electric service. The Plan also must:

- (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;

¹ O.C.G.A. § 46-3A-2.

- (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.²

The Commission is required under O.C.G.A. § 46-3A-2 to make determinations as to the adequacy of the IRP and to ensure that the utility's Plan has appropriately addressed numerous 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.³ The Commission must also find that the Plan identifies and takes 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.⁴

Further, the Commission must determine whether the Plan adequately demonstrates 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;
- (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.⁵

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

² O.C.G.A. § 46-3A-1(7).

³ O.C.G.A. § 46-3A-2(b)(1).

⁴ O.C.G.A. § 46-3A-2(b)(2).

⁵ O.C.G.A. § 46-3A-2 (b)(3).

reject it in part; reject the plan as filed; or provide an alternate plan, upon determining that this is in the public interest.⁶

An electric utility is entitled to recover the approved or actual cost, whichever is less, of any certificated demand-side capacity option in rates, along with an additional sum.⁷ In determining the additional sum, the Commission “shall consider lost revenues, if any, changed risks, and an equitable sharing of benefits between the utility and its retail customers.”⁸

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. As set forth hereinafter, the Commission makes findings of fact and conclusions of law⁹ based on the evidentiary record created.

A. Supply-Side

The Stipulation between PIA Staff and Georgia Power addresses the supply-side issues in this case. For the reasons set forth below, the Commission finds that resolution of the supply-side issues as set forth in the Stipulation is in the public interest.

The Stipulation includes nine (9) paragraphs related to the supply-side issues in the Company’s IRP. This proposed order will address each paragraph separately.

1. Sales and Peak Demand Projections

Paragraph I.1. of the Stipulation states that the Commission will adopt the Company’s budget 2010 residential sales and peak demand projections in 2013-2029, however the Company will reexamine the reasonableness of its assumptions pertaining to (1) the number of persons per household, (2) growth in average household income, and (3) the level of miscellaneous household energy consumption as part of its next budget residential sales and peak demand projections. The Stipulation further provides that in the 2013 IRP the Company will thoroughly document assumptions and details regarding the major economic data used in creating the forecast and will provide justification for why any assumptions regarding the economic outlook have been adopted or rejected.

⁶ GPSC Utility Rule 515-3-4-.01(2).

⁷ O.C.G.A. § 46-3A-9

⁸ *Id.*

⁹ The areas of discussion included in the body of the Order in terms of Findings of Fact and Conclusions of Law speak only to the areas of the Plan filed that were contested. Matters that were not disputed are referenced in the ordering paragraphs only.

PIA Staff witness, John Hutts, testified that while the Company's Budget 2010 forecast is reasonable over the short term, the Company's forecast over the long term was too high. (Tr. 401). Mr. Hutts testified that the Company's assumptions for number of people per household, average household income and miscellaneous energy use per household were higher than can reasonably be expected for the base case forecast. (Tr. 402)

With respect to the Company's long-term forecast, the Company's witness panel of Jeffrey Burleson, Larry Legg and Garey Rozier testified that the Company's assumptions for number of people per household, average household income and miscellaneous energy use per household were not too high. (Tr. 1060-1061) Specifically, the panel testified that the Company's assumption regarding number of people per household was provided by Moody's Economy.com, is the result of a well thought out calculation using a population forecast and a household forecast, and is similar to the assumptions underlying the 2008 Vogtle certification filing in Docket No. 27800. (Tr. 1060) With respect to the Company's assumptions regarding average household income, the panel testified that growth rate calculations that start or end near a significant recession, such as the one the nation has just experienced, can be distorted, and that a reasonable calculation, such as the one utilized by the Company, should use a starting point that removes the effects of the recession. (Tr. 1062) Finally, the panel testified that the Company's forecast growth assumption for miscellaneous energy use per household was consistent with the historical trend and pertains to the Company's territory only. (Tr. 1062-1063)

The Commission finds as a matter of fact that it is reasonable to adopt the Company's budget 2010 residential sales and peak demand projections in 2013-2029, and to require the Company to reexamine the reasonableness of its assumptions pertaining to (1) the number of persons per household, (2) growth in average household income, and (3) the level of miscellaneous household energy consumption as part of its next budget residential sales and peak demand projections. Further, the Commission finds as a matter of fact that it is reasonable that in the 2013 IRP the Company will thoroughly document assumptions and details regarding the major economic data used in creating the forecast and will provide justification for why any assumptions regarding the economic outlook have been adopted or rejected.

2. Capital and O&M Costs

Paragraph I. 2. of the Stipulation provides that the Commission will review the costs associated with specified capital and O&M costs related to governmental imposed environmental mandates and transmission costs associated with certified capacity resources in the 2010 rate case to be filed July 1, 2010. In the 2010 rate case, the Commission may determine, upon the Company's request, that the Company's proposed method of recovery for such costs warrants that they be reviewed and considered in future IRP proceedings.

The PIA Staff witness panel of John Chiles, Dan Peaco, Brian Smith and Paul Wielgus testified that any decision on approval of costs associated with specified transmission, renewable costs, and capital O&M costs related to governmental imposed environmental mandates should be considered in a rate case and not in this proceeding. (Tr. 425-426)

The Company witness panel testified that while the Company's IRP filing includes a request for Commission approval of such costs, the Company would not object if the Commission believes that it would be more appropriate to consider them in the Company's rate

case. (Tr. 1048) Further, the Company panel acknowledged that approval of a utility's capital or O&M costs is not included in the list of issues set forth in the Georgia IRP Act to be determined by the Commission. (Tr. 68)

The Commission finds as a matter of fact that it is reasonable for the Commission to review the costs associated with specified capital and O&M costs related to governmental imposed environmental mandates and transmission costs associated with certified capacity resources in the 2010 rate case to be filed by the Company on July 1, 2010. Further, the Commission finds as a matter of fact that it is reasonable that in the 2010 rate case, the Commission may determine, upon the Company's request, that the Company's proposed method of recovery for such costs warrants that they be reviewed and considered in future IRP proceedings.

3. Expected Unserved Energy Study

Paragraph I. 3. provides that Subject to agreement between the Southern Company operating companies, the Company agrees to update its estimate of the cost of Expected Unserved Energy ("EUE") and, prepare a revised Reserve Margin Study based on that updated cost for submittal with its 2013 Integrated Resource Plan filing. In the event the Southern Company operating companies do not agree to update the Expected Unserved Energy study, the Company will commission its own EUE study, and will file it as part of its 2013 Integrated Resource Plan; the costs incurred for commissioning the EUE study and the cost of such study may be recovered in rates following the completion date of the EUE and such EUE study may not be shared with any other Southern Company operating company unless the Company is appropriately compensated for use of the study.

The Commission finds it reasonable to require the Company to update its estimate of the cost of EUE and to prepare a revised Reserve Margin Study based on that updated cost for submittal with its 2013 Integrated Resource Plan filing. The Company's estimate of the cost associated with EUE was researched and developed by the Company prior to 1992, and the value was then escalated to the current time period using an estimated escalation factor. (Tr. 429) The Company then compared this escalated cost to cost estimates developed by other utilities more recently; however, the other utilities' cost estimates are all more than five years old. (Tr. 430) As the data used by the Company has aged, the PIA Staff witness panel recommended that the Company update its estimate of EUE and prepare a revised Reserve Margin Study. (Tr. 426) In their rebuttal testimony, the Company witness panel agreed to recommend to the other Southern Company operating companies that an updated EUE study be developed, conducted, and reviewed in a timeframe that would allow its results to be considered in development of the next scheduled system-wide reserve margin study.

4. Consideration of Environmental Rules

Paragraph I. 4 requires the Company to provide an update of its capacity needs for use in procurement decisions regarding the 2015 RFP, based on information available at that time regarding potential federal environmental regulation, such as the Hazardous Air Pollutants Maximum Achievable Control Technology ("HAPs MACT") and Coal Combustion Byproduct ("CCB") rules. The capacity need update will be submitted with the Company's Application for Certification of any resources procured from the 2015 RFP. The Company will develop an

update of the resource mix study that considers the impacts of HAPs MACT and CCB regulations for utilization in the 2015 RFP process.

The Company's decision to restart the 2015 RFP is directly related to the risk of certain coal unit retirements that could occur if the Environmental Protection Agency adopts rules regarding the maximum achievable control technology for hazardous air pollutants HAPs MACT rules. (Tr. 431) These rules could result in requirements for emissions control for mercury and other hazardous pollutants that could lead to a decision to retire certain coal-fired generation rather than invest in emission controls. The 2015 RFP was reactivated to manage that risk by preparing for replacement capacity if needed. *Id.* The Unit Retirement and Resource Mix studies conducted by the Company assumed no change in environmental rules, including no change in the HAPs MACT rule that could potentially trigger unit retirements, nor did the studies consider added controls that might be needed for HAPs MACT. (Tr. 432) Thus, the PIA Staff witness panel recommended that the Company be required to prepare a revised Resource Mix Study that considers the impacts of potential unit retirements as a result of a HAPs MACT rule. (Tr. 426)

As the Unit Retirement and Resource Mix studies conducted by the Company assumed no change in environmental rules, including no change in the HAPs MACT rule that could potentially trigger unit retirements, nor did the studies consider added controls that might be needed for HAPs MACT, the Commission finds the stipulated requirement for the Company to provide an update of its capacity needs for use in procurement decisions regarding the 2015 RFP, based on information available at that time regarding potential federal environmental regulation, such as a HAPs MACT or CCB rule, to be reasonable. When considering certification of any resources procured from the 2015 RFP, the Commission needs all relevant information concerning environmental rules and their potential impact on unit retirements.

5. Emission Controls for Plant Branch Units 1 and 2 and Plant Yates Units 6 and 7

Pursuant to Paragraph I. 5 of the Stipulation, the Company agrees that, if work on the emission controls for Plant Branch Units 1 and 2 and Plant Yates Units 6 and 7 is resumed, the Company will report the resumption and the reasons for the resumption to the Commission and the Commission Staff.

Expected new environmental legislation and regulations that focus on coal-fired electricity generation impose significant uncertainty on the economic viability of some of the Company's coal-fired generating units. (Tr. 46) Specifically, the economic viability evaluations for the Company's Plant Branch Units 1 and 2 and Plant Yates Units 6 and 7 indicate a need to wait for additional information prior to proceeding further with the controls required by the Georgia Multi-pollutant Rule. Therefore, work on the emission controls for these units has been suspended until 2011, at which time the construction of controls will resume or a determination will be made regarding an appropriate plan for those units and sites. (Tr. 48) The PIA Staff witness panel recommended that if work on the emission controls for Plant Branch Units 1 and 2 and Plant Yates Units 6 and 7 is resumed, the Company should provide the Commission with an update regarding resumption of the work. (Tr. 45) Similarly, the Company witness panel testified that the Company is willing to work with the Commission Staff to provide an update regarding any resumption of work on the environmental controls for Plant Branch Units 1 and 2 and Plant Yates Units 6 and 7. (Tr. 1056) In light of the Commission's prior order authorizing the Company to suspend work on the emission controls for Plant Branch Units 1 and 2 and Plant

Yates Units 6 and 7, the Commission finds the stipulated reporting requirements of Paragraph I. 5 to be reasonable. Should work on such emission controls be resumed, the Commission will require information regarding the reasons for the resumption in order to provide oversight and direction to the Company.

6. Consideration of Biomass Conversion

Paragraph I. 6 requires the Company to continue to consider site specific biomass conversion of certain of the Company's coal units and to bring certification requests for biomass conversion to the Commission if such conversions appear to be economic and reliable. The Company also agrees to continue to review the impacts that Industrial Boiler Maximum Achievable Control Technology ("IB MACT") draft rules and CCB regulations may have upon possible biomass conversion options. The Company will also continue to monitor the progress of other potential regulations or potential legislation which may impact the cost-effectiveness of possible biomass conversions. For the purposes of determining the capacity need to be met through the 2015 RFP, the Company will use the most current information to estimate a likely amount of existing coal capacity to be converted to biomass capacity by 2015.

The PIA Staff witness panel testified that the Company should initiate the feasibility and active development of green-field and brown-field un-merchantable wood biomass fired generation plant sites as potential added replacement options, to enable the Company to react in a more timely and cost effective manner should coal unit retirements result from the pending environmental uncertainties and such options become the least cost options. (Tr.439) The panel further testified that if third party offerings in the 2015 RFP are not economically viable, the need for wood biomass fired generation may be even greater. (Tr. 440) Finally, the panel testified that because there is a limit on the number of biomass fired plants that can be developed in the Company's footprint, solid fuel woody biomass generating options can help address the fuel price volatility risk mentioned in the Company's filing. *Id.* The Company witness panel testified that the Company has begun its review of the draft IB MACT rule and the draft CCB rule. (Tr. 1063)

In light of the uncertainty of pending environmental regulatory situation, the Commission finds the requirements of Paragraph I. 6 to be reasonable. In order to properly and completely fulfill its duty to evaluate any resources procured from the 2015 RFP, the Commission needs all relevant information regarding the impacts that IB MACT draft rules and CCB regulations may have upon possible biomass conversion options.

7. Solar Photovoltaic Demonstration Project

Under Paragraph I. 7 of the Stipulation, the Company and the PIA Staff agree that it is appropriate to allow the Company to construct a small scale solar demonstration project. The Company will be allowed to implement up to one (1) MW portfolio of solar photovoltaic demonstration projects. The cost for such demonstration projects will not exceed the preset "solar Purchase Price" established for the Renewable and Nonrenewable ("RNR") tariff. The cost for these demonstration projects will be recovered through the Company's rates.

The Georgia Solar Energy Association ("GSEA") requested that the Commission approve as part of the Company's supply plan a comparative mirror-image portfolio of solar PV demonstration projects for deployment and development by private industry. Under GSEA's proposal these projects would be identified by private industry and not involve assistance or

direction by the Company. GSEA argued that such projects would provide a comparison of projects between Company “self-build” and private industry “distributed generation.” (Tr. 807) GSEA further proposed that the Company’s customer subscribing to the Green Energy Program be exempt from the fuel cost recovery charge and Environment Compliance Cost Recovery charges. The Commission disagrees with the proposals made by GSEA and finds that the “mirror image” proposal would not provide any significant benefit to the company’s customers.

The Commission finds that it is reasonable to allow the Company to construct and implement up to a one (1) MW portfolio of solar photovoltaic (“PV”) demonstration projects. The objective of these demonstrations would be to enhance the Company’s expertise in developing solar projects. In its direct testimony, the Company witness panel testified that these demonstration projects would allow the Company to gain additional experience regarding the development, operation and economics of solar projects including siting, permitting, engineering, procurement, construction, performance, operation and maintenance. (Tr. 46) The panel further testified that this portfolio of projects would allow the Company to gain experience with a variety of different types of solar installations and systems integration options, and to evaluate how well some of these systems are able to increase capacity factors and shift production to peak periods of the day. The panel also testified that the expanded portfolio would help the Company identify engineering, construction and equipment vendors with whom the Company could establish partnerships in the event a larger solar program is needed to meet federal or state compliance standards and to understand the potential costs of complying with such a standard using a variety of different types of installations and systems. *Id.* While the Company originally requested Commission approval of a total demonstration project portfolio not to exceed 2.5 MWs of capacity, the Company witness panel testified that the Company would derive these same benefits if the size of the solar project portfolio was smaller than the 2.5 megawatts of capacity originally requested by the Company. (Tr. 1088)

8. Regional Transmission Planning Initiatives

Pursuant to Paragraph I. 8 of the Stipulation, the Company will report in its 2013 Integrated Resource Plan, any transmission projects it plans to implement that are a result of any regional transmission planning initiatives, including, but not limited to, the Southeastern Inter-Regional Planning Process (“SIRPP”) and Eastern Interconnection Planning Collaborative (“EIPC”) that have an interconnection point within the Company’s service area in accordance with Section 1(b)7 of Commission Rule 515-3-4-.05.

The PIA Staff witness panel testified that transmission projects that are being developed through regional groups such as SIRPP and EIPC are designed to move significant amounts of renewable generation throughout the Eastern Interconnection. (Tr. 453) The SIRPP is defined as a new process to more fully address the regional participation principle of FERC Order 890 for multiple transmission systems in the Southeast and complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. (Tr. 452) The EIPC represents a first-of-its-kind effort, to involve Planning Authorities in the Eastern Interconnection to model the impact on the grid of various policy options determined to be of interest by state, provincial and federal policy makers and other stakeholders. (Tr. 453) The panel recommended that at a minimum, the Company should be required to report on the activities of the EIPC and SIRPP to the Commission. *Id.*

The Commission finds the reporting requirements set forth in Paragraph I. 8 to be reasonable. Section (1)(b)7 of Commission Rule 515-3-4-.05 requires the Company to provide “A description of the utility's relationship to other utilities in regional associations, power pools, and networks.” In order to fully consider all of the transmission alternatives available to the Company, the Commission requires information regarding any transmission projects the Company plans to implement that are a result of any regional transmission planning initiative.

9. Identification of Transmission Facilities

Paragraph I. 9 of the Stipulation requires the Company to include in its 2013 Integrated Resource Plan the optimum transmission sites for generation, as are posted on its OASIS. In the next application and in each subsequent application requesting certification or decertification the Company is also required to clearly identify all transmission facilities added, modified or avoided as a result of the certification or decertification request.

In its testimony, the PIA Staff witness panel recommended that the Company include in its 2013 Integrated Resource Plan an analysis of optimum generation locations as well as a comparison that identifies projects that are no longer required from the previous transmission expansion plan due to the addition or retirement of generation resources. (Tr.447-448) The panel further testified that the Company has decoupled its transmission expansion planning process from its generation expansion planning process and has not fully evaluated the impact of transmission expansion on the need or timing of generation resources. (Tr. 454-455)

The Commission finds the reporting requirements set forth in Paragraph I. 9 to be reasonable. In order to allow the Commission to fully analyze the Company's proposed transmission plans in the Company's next Integrated Resource Plan, the Commission needs to review all relevant information regarding optimum transmission sites for generation. Additionally, in order to fully fulfill its obligation to review any request by the Company for certification or decertification, the Commission needs to review a list of all transmission facilities added, modified or avoided as a result of the certification or decertification request.

B. Demand-Side Management

The Stipulation between PIA Staff and Georgia Power also addresses the demand-side issues in this case. For the reasons set forth below, the Commission finds that resolution of the demand-side issues as set forth in the Stipulation is in the public interest.

The Stipulation includes eight (8) paragraphs related to the DSM issues in the Company's IRP and DSM Application. This proposed order will address each paragraph separately.

1. Seven Of The Nine Energy Efficiency Programs Proposed By The Company Should Be Certified With Modifications.

In Paragraph II.1 of the Stipulation, PIA Staff and Georgia Power agreed that seven of the nine programs in the Company's filing should be certified with modification. In each docket, the PIA Staff presented a witness panel that discussed modifications to the Company's proposed programs. In the IRP, PIA Staff pre-filed the joint testimony of Spellman, Guidry and Kaduk. In response to the Company's DSM Application, PIA Staff pre-filed the joint testimony of Spellman and Guidry.

These panels revised the seven programs at issue by increasing the participation estimates to reflect the participation projections using the market penetration curves developed by Nexant, the Company's consultant. (Tr. 534). In addition, PIA Staff recommended additional incentives and developed participation estimates for cost-effective measures for which the Company had not previously allocated monies or calculated energy savings. *Id.* Finally, PIA Staff added one new measure to the mix which the Company had not previously analyzed. *Id.* The DSM Working Group has recommended this measure. *Id.* Staffing and fixed costs were updated for each of the seven revised programs to reflect the increased program participation. *Id.*

The Stipulation accommodates these proposed modifications by "ramping up" spending on the programs between the years 2011 and 2013, such that by the end of the three year period spending will be at the levels proposed by PIA Staff in its testimony. (Stipulation, DSM Issues, ¶ 1). Pursuant to the Stipulation, spending in 2011 will remain consistent with what the Company proposed to spend in its filing (\$13,736,994). *Id.* However, in 2012, spending would increase to \$21.2 million, and in 2013, spending would increase to \$27.8 million. *Id.* The Stipulation provides the Company with the flexibility to move dollars for spending purposes within programs as needed to enhance program effectiveness. *Id.*

The Commission finds as a matter of fact that the proposed modifications enhance the cost-effectiveness of the proposed programs. Under the PIA Staff's proposed modifications, the cumulative annual kWh savings for the programs increase significantly. (Tr. 535). These savings benefit all customers on Georgia Power's system. (Tr. 1087). The programs, as modified by PIA Staff, passed the Total Resource Cost ("TRC") test and Participant test with respective 10-year benefit/cost ratios of 3.87 and 12.86. The 10-year benefit cost ratio of these programs, as modified by PIA Staff, under the Rate Impact Measure ("RIM") test is 0.96, which is a slight improvement over the programs without the PIA Staff's modifications. (Tr. 593). The Commission finds that a ratio of below 1.0 on the RIM test is not grounds for rejection of a program. While the RIM test should be considered in conjunction with other tests, such as the TRC test, the Societal test, the Program Administrator test and the Participant test, a ratio of above 1.0 under the RIM test should not be deemed mandatory. In fact, there are no states that mandate the use of the RIM test as a primary test to determine the cost-effectiveness of energy efficiency programs. (Tr. 536). The RIM test is not a test of economic efficiency. Because the RIM test only indicates whether electric rates may increase if an energy efficiency measure or program is implemented, and not whether the impact may reduce a participant's overall electric bill, this test will screen out energy efficiency measures that can save significant amounts of electricity and can lower customer electric bills. (Tr. 537). Considering the results of the three tests discussed above in conjunction, the record reflects that the programs, as modified by PIA Staff, will result in significant ratepayer savings.

For these reasons, the Commission finds that it is in the public interest to approve Paragraph II.1 of the Stipulation.

2. The Commercial And Industrial Audit Programs Should Be Continued, But Should Not Be Certified, And Georgia Power Should Not Receive An Additional Sum For These Programs.

In its DSM Application, the Company included requests for certification of two Commercial and Industrial Audit programs. Georgia Power has agreed to continue these programs, but

withdraw its request that they be certified. (Stipulation, ¶ 2). The Company has also withdrawn its request for an additional sum for these two programs. *Id.* In addition, Paragraph II. 2 of the Stipulation provides that the Company will withdraw its request for an Industrial DSM Tariff. *Id.* Finally, the Stipulation provides that the costs for these programs will continue to be recovered through base rates. *Id.*

The Commission finds as a matter of fact that the two Commercial and Industrial Audit programs should not be certified. Georgia Power currently offers facility energy audits to these customers. (Tr. 626). Certifying these programs would not only allow Georgia Power to recover costs for activities that are already part of its regular business model, but it would also allow for the collection of an Additional Sum as an incentive to maintain the status quo. *Id.* The Commission finds that approval of Paragraph II. 2 of the Stipulation is in the public interest.

3. The Nine Step DSM Planning Process Set Forth In Appendix H To The Stipulation Is Reasonable.

The PIA Staff and Georgia Power have agreed upon a Top-Down Approach for Developing DSM Programs. Appendix H to the Stipulation sets forth how programs will be evaluated and how the Company and the Working Group will interact in their evaluation of programs. The first two steps of the Nine Step planning process describe Georgia Power's use of a third party consultant to assist in updating the Technology Catalog, and the use of a technical and economic study to target DSM programs in areas where the highest market potential exists. (Stipulation, Appendix H, ¶¶ 1-2). Using the updated Technology Catalog and the results of the study, Georgia Power will identify a list of DSM measures that pass the TRC test to be used in program measures. *Id.* at ¶ 3. For each measure that passes the TRC test, Georgia Power will provide members of the Working Group the list of information that is set forth in Step 3.

The Company will then propose the bundling of measures into programs. Georgia Power will prepare a proposed program presentation for the Working Group's review. *Id.* at ¶ 4. Any Working Group member may propose programs as well. *Id.* The presumption is that the Company share with the Working Group any customer data or feedback it receives on the programs. *Id.* at 5. However, in the event that Georgia Power cannot share such information with the Working Group, it will inform the Working Group of the reasons supporting its decision not to share the information. *Id.*

Georgia Power will perform an economic screening of the programs that it determines should be analyzed. *Id.* at ¶ 6. The Company will provide the Working Group with the reasons in support of any decision it makes not to analyze one of the programs proposed by the Working Group. *Id.* Attempts to reach consensus and finalize all programs to be proposed for implementation in the 2013 IRP must be completed by the third quarter of 2012. *Id.* at 7. The Company will analyze at least one aggressive DSM change case developed with the assistance of the Working Group. *Id.* at 8. The final step in the Nine Step planning process explains how Georgia Power will determine the cost-effectiveness of the programs. *Id.* at ¶ 9.

The Commission finds that the Nine Step planning process set forth in Appendix H to the Stipulation is reasonable. The process addresses concerns that were raised before the Commission regarding the access to information and the input from members of the Working Group. For

instance, in Docket No. 31081, the PIA Staff panel testified that the Working Group was not provided with cost-effectiveness calculations. (Tr. 544). The PIA Staff panel stated that the Working Group only received a general description of the measures. (Tr. 545). Step 3 of the planning process in Appendix H requires Georgia Power to share specific cost-effectiveness data with the Working Group regarding each DSM measure that passes the TRC test. In addition, Step 5 of the planning process creates a presumption that the Company will share any customer data or feedback it receives. Therefore, the Commission finds that the Stipulation improves upon the previous Nine Step planning process.

Additionally, the Commission finds that it is proper and in the public interest that the Commission Staff continue in its role as administrator of the Working Group. However, it is important that input in setting the agenda for the Working Group is received from all stakeholders. Therefore, the Commission Staff is directed to solicit input relative to meeting agendas prior to finalizing the agendas for future Working Group meetings

The PIA Staff panel also testified that the Company excluded from its base case DSM plan most of the measures proposed by Working Group members. (Tr. 547). Step 6 of the stipulated planning process requires Georgia Power to provide its reasons for deciding not to analyze a program proposed by a member of the Working Group. Of course, this does not mean that the parties will always agree on which programs should be included in Georgia Power's next DSM Application. However, consensus as to each possible program is not a realistic goal. Instead, Step 6 ensures that Georgia Power will not exclude a program proposed by a Working Group member without support for its decision to do so. Furthermore, the justification offered by Georgia Power should encourage a more informed dialogue between the parties. Finally, if a Working Group member is not satisfied with Georgia Power's justification for the exclusion of a program, the member is better prepared to present its position to the Commission at the appropriate time.

Separate from the Nine Step planning process, Paragraph 3 also provides that PIA Staff will withdraw its recommendation for the development of a Notice of Proposed Rulemaking that would have the effect of institutionalizing the nine step process. The Company and the PIA Staff have agreed to work collaboratively to develop a NOPR that would modify existing rules to allow the Commission to provide for alternative forms of analysis without the need to grant a waiver. (Stipulation, ¶ 3). The Commission concludes that it is reasonable to include more flexibility in the rules. Waivers should be granted in exceptional cases. *See* O.C.G.A. § 50-13-9.1. It is not appropriate to routinely grant an exception to the same rule. It is more consistent with the Georgia Administrative Procedure Act, O.C.G.A. § 50-13-1 through 23, to amend the rule to provide the Commission with the necessary flexibility to reach the result that is in the public interest.

For these reasons, the Commission finds that approval of Paragraph II. 3 of the Stipulation is in the public interest.

4. The Additional Sum Provided For In The Stipulation Strikes The Appropriate Balance Between Providing Georgia Power With An Adequate Incentive And Protecting Ratepayers.

Georgia Power is entitled to recover in rates “the approved or actual cost, whichever is less, of any certificated demand-side capacity option . . . along with an additional sum as determined by the commission to encourage the development of such resources.” O.C.G.A. § 46-3A-9. In setting

the additional sum, the Commission “shall consider lost revenues, if any, changed risks, and an equitable sharing of benefits between the utility and its retail customers.” *Id.*

The initial recommendations of the parties on the appropriate additional sum were significantly different. Georgia Power requested an additional sum of fifteen (15) percent of the net benefits of gross kWh savings. PIA Staff proposed an additional sum of 2.5 percent for demand response programs and 5 percent for energy efficiency programs. (Tr. 558). The Stipulation provides that the Company shall receive an additional sum equal to 10 percent of the net present value of the actual net benefits of gross kWh savings as determined by the Program Administrator’s test, provided that if the additional sum exceeds the costs of the programs, then the additional sum shall be reduced from 10 percent to 5 percent for the portion of the additional sum that exceeds the program costs. (Stipulation, ¶ 4). In addition, if the annual incremental kWh savings is less than 50% of the savings that were initially projected, then the additional sum shall be 0.5% for demand response measures and 3% for energy efficiency measures. *Id.* The parties agreed to work together to agree on the appropriate method of calculating and verifying the actual net benefits of gross kWh savings, to address market effects such as free ridership and the snap back effect, and to establish appropriate program evaluation and demand-side management implementation monitoring in accordance with Commission Rules 515-3-4-.09(3)(e)4 and 515-3-4-.09(3)(e)5. *Id.* The calculation of the additional sum will be tied to the avoided cost estimates in the 2010 IRP. *Id.*

The PIA Staff and Georgia Power agreed that the company will not receive an additional sum in 2011 and will receive only one-half of the calculated additional sum in 2012. *Id.* Finally, the parties agreed that while the program costs will be recovered in a rider collected from the class to which the program is directed, the Commission shall determine the appropriate customer class allocation of the associated additional sum in the Company’s 2010 rate case. *Id.*

The Commission concludes as a matter of law that it is required to approve an additional sum. O.C.G.A. § 46-3A-9. The Commission further concludes that the purpose of the additional sum is to encourage the development of cost-effective demand-side programs. *Id.* Finally, the Commission concludes that in determining the amount of the additional sum, it must consider lost revenues, if any, changed risks, and an equitable sharing of benefits between the utility and its retail customers. *Id.*

The Commission finds that the additional sum set forth in the Stipulation represents a reasonable compromise of the parties’ positions and an equitable sharing of the benefits between the utility and its customers. The 10 percent is less than the Company requested, and less than the Company received in connection with the Power Credit Single Family program in Georgia Power’s 2007 IRP.¹⁰ However, the record, in particular the testimony of the PIA Staff’s DSM panels, reflects that a 10 percent additional sum is adequate to provide the Company with an incentive to implement cost-effective demand-side programs. (Tr. 557-59). The inclusion in the Stipulation of a benchmark below which the Company receives a reduced additional sum percentage is consistent with the statutory goal of encouraging the Company to develop demand-side resources. The agreement upon a reduced percentage for that portion of the additional sum that exceeds program costs also constitutes an equitable sharing of the benefits. At the point at

¹⁰ *Georgia Power Company’s Application for Approval of Its 2007 Integrated Resource Plan*, Docket No. 24505, Final Order, p. 12.

which the additional sum percentage is reduced, the Company will have already received a significant additional sum; therefore, Georgia Power still has a strong incentive to ensure that these programs are cost-effective. Because the additional sum is tied to savings, the interests of the ratepayers and the Company are aligned. Basing the calculation of the additional sum for years 2011 through 2013 on the avoided costs in the 2010 IRP is prudent to provide a degree of certainty for both the Company and the ratepayers.

Finally, deferring the customer class allocation issue for the additional sum to the 2010 rate case is reasonable. It will allow the Commission to develop a more complete record on this issue. The Company testified that it only receives an additional sum if all of the customers on its system benefit from the demand-side programs. (Tr. 1087). In the rate case, parties will have the opportunity to present evidence and argument on the appropriate allocation of the additional sum amongst the customer classes.

The Commission finds that approval of Paragraph II. 4 of the Stipulation is in the public interest.

5. The Company Will Prepare And File With The Commission A New Energy Efficiency Potential Study One Year In Advance Of The 2013 IRP Filing.

An energy efficiency potential study is necessary to identify the energy efficiency programs that are likely to be the most cost-effective and have the most kWh and kW savings. (Tr. 523). The National Action Plan for Energy Efficiency (NAPEE) recommends that such studies be conducted as a first step in the DSM planning process.¹¹

The Commission finds that approval of Paragraph II. 5 of the Stipulation is in the public interest.

6. The Company Will Begin Meeting With Staff Thirty (30) Days After The Conclusion Of This Docket Focusing On The Availability Of Online And Other Electronic Methods Of Information Access To Customers.

Proposed Public Utility Regulatory Policies Act (“PURPA”) Standard 19 of the Energy Independence and Security Act, 42 U.S.C. § 17001 *et seq.*, relates to the availability of usage information to customers. (Tr. 568) All Georgia Power residential customers are eligible to participate in the “Time of Use-Residential Energy Only” (“TOU-REO”) program; however, the customer must have a Smart Meter installed. This program uses a seasonal time of day pricing which is fixed regardless of the amount of usage. Energy used under this tariff is considered either peak or off-peak. Currently, customers of the TOU-REO rate can only view their usage on a monthly basis in their bill or at lesser intervals by manually reading their meter during a peak or off-peak period. PIA Staff’s DSM panel testified that it does not believe these options are adequate to properly gauge usage in an efficient and useful manner, and that the Company

¹¹ See National Action Plan for Energy Efficiency, “Guide for Conducting Energy Efficiency Potential Studies”, published in November 2007. Available at http://www.epa.gov/cleanenergy/documents/potential_guide.pdf

should work toward an online option for residential customers to view their electrical usage as soon as practicable. (Tr. 569-570)

It is important for customers to have access to online and other electronic methods of information access because this information will provide customers with greater control over their energy usage. (Tr. 572). Customers will also be able to manage their electric consumption more effectively. *Id.*

The Commission finds that approval of Paragraph II. 6 of the Stipulation is in the public interest.

7. The Commission Should Adopt A Policy Consistent With EISA Standard 16 That Recognizes Cost Effective Energy Efficiency As A Priority Resource In A Manner Consistent With Georgia Law.

EISA proposed PURPA Standard 16 requires electric utilities to integrate energy efficiency resources into utility, State and regional plans. In order for Georgia to be in compliance with EISA standard 16, PIA Staff recommended that the Commission adopt a formal policy to consider energy efficiency as a priority resource. (Tr. 566). The Stipulation incorporates that recommendation.

The Commission finds that the Stipulation is consistent with federal law and Georgia's Integrated Resource Planning Act. Accordingly, the Commission finds that approval of Paragraph II. 7 of the Stipulation is in the public interest.

8. The Company Will Not Be Required To Re-File Its IRP Screening Analysis With The Seven Modified Energy Efficiency Programs.

The Stipulation included general agreement on the modifications to the DSM measures that were proposed by PIA Staff; therefore there was no further need to have the Company re-file its IRP screening analysis with the seven modified energy efficiency programs that the parties agree should be certified.

C. Other Programs

1. Georgia Power Single Family Power Credit DSM Program

The Single Family Power Credit DSM Program is a direct load control DSM program offered by the Company to the residential customer class. Under its present eligibility requirements it is available only to single family residences. The Company proposes to amend this program to include multi-family residences. Multi-family residences are approximately twenty-three percent of the Company's residential customers. (Tr. 260).

The Commission finds that it is appropriate to open the Single Family Power Credit DSM Program to multi-family households, thus allowing all residential customers the opportunity to participate.

2. **GIPL Power Wise**

Power Wise is an energy audit program offered by GIPL designed to help its member congregations across the state implement energy efficiency and conservation strategies in congregational buildings. An added feature of GIPL's Power Wise program is the providing training on conservation measures to individual homeowners in congregations thereby to expanding the energy savings from this program.

GIPL is a participant in the Working Group and has long been an active participant in proceedings before this Commission in which demand-side management programs and energy conservation and efficiency are discussed. The Commission believes that it is important that Georgia Power examine and consider programs such as GIPL's Power Wise. However, in this instance it is clear that the Company may not have been fully aware of the Power Wise program (Tr. 545). Therefore the Commission finds it appropriate that Georgia Power meet with GIPL to review the structure and results of Power Wise program.

IV. ORDERING PARAGRAPHS

WHEREFORE IT IS ORDERED that the Commission adopts the Integrated Resource Plan developed by Georgia Power as augmented and/or modified by the Stipulation which is hereby adopted by the Commission.

ORDERED FURTHER, that the Commission adopts Georgia Power's budget 2010 residential sales and peak demand projections for 2013-2029, however the Company will reexamine the reasonableness of its assumptions pertaining to (1) the number of persons per household, (2) growth in average household income, and (3) the level of miscellaneous household energy consumption as part of its next budget residential sales and peak demand projections. In the 2013 IRP the Company will thoroughly document assumptions and details regarding the major economic data used in creating the forecast and will provide justification for why any assumptions regarding the economic outlook have been adopted or rejected.

ORDERED FURTHER, that the Commission will review the costs associated with specified capital and O&M costs related to governmental imposed environmental mandates and transmission costs associated with certified capacity resources in the 2010 rate case to be filed July 1, 2010. In the 2010 rate case, the Commission may determine, upon the Company's request, that the Company's proposed method of recovery for such costs warrants that they be reviewed and considered in future IRP proceedings.

ORDERED FURTHER, that subject to agreement between the Southern Company operating companies, Georgia Power agrees to update its estimate of the cost of Expected Unserved Energy ("EUE") and, prepare a revised Reserve Margin Study based on that updated cost for submittal with its 2013 Integrated Resource Plan filing. In the event the Southern Company operating companies do not agree to update the Expected Unserved Energy study, the Company will commission its own EUE study, and will file it as part of its 2013 Integrated Resource Plan; the costs incurred for commissioning the EUE study and the cost of such study may be recovered in rates following the completion date of the EUE and such EUE study may not be shared with any other Southern Company operating company unless the Company is appropriately compensated for use of the study.

ORDERED FURTHER, that Georgia Power agrees to provide an update of the Company's capacity needs for use in procurement decisions regarding the 2015 RFP, based on information available at that time regarding potential federal environmental regulation, such as HAPs MACT and CCB. The capacity need update will be submitted with the Company's Application for Certification of any resources procured from the 2015 RFP. Georgia Power will develop an update of the resource mix study that considers the impacts of HAPs MACT and CCB regulations for utilization in the 2015 RFP process.

ORDERED FURTHER, that the Company agrees that, if work on the emission controls for Plant Branch Units 1 and 2 and Plant Yates Units 6 and 7 is resumed, the Company will report the resumption and the reasons for the resumption to the Commission and the Staff.

ORDERED FURTHER, that Georgia Power agrees to continue to consider site specific biomass conversion of certain of the Company's coal units and agrees to bring certification requests for biomass conversion to the Commission if such conversions appear to be economic and reliable. The Company will continue to review the impacts that IB MACT draft rules and CCB regulations may have upon possible biomass conversion options. The Company will also continue to monitor the progress of other potential regulations or potential legislation which may impact the cost-effectiveness of possible biomass conversions. For the purposes of determining the capacity need to be met through the 2015 RFP, the Company will use the most current information to estimate a likely amount of existing coal capacity to be converted to biomass capacity by 2015.

ORDERED FURTHER, that it is appropriate to allow Georgia Power to construct a small scale solar demonstration project. The Company will be allowed to implement up to one (1) MW portfolio of solar PV demonstration projects. The cost for such demonstration projects will not exceed the preset "solar Purchase Price" established for the RNR tariff. The cost for these demonstration projects will be recovered through the Company's rates.

ORDERED FURTHER, that in its 2013 Integrated Resource Plan, Georgia Power shall report any transmission projects it plans to implement that are a result of any regional transmission planning initiatives, including, but not limited to, the Southeastern Inter-Regional Planning Process ("SIRPP") and Eastern Interconnection Planning Collaborative ("EIPC") that have an interconnection point within the Company's service area in accordance with Section 1(b)7 of Commission Rule 515-3-4-.05.

ORDERED FURTHER, that Georgia Power shall include in the 2013 Integrated Resource Plan the optimum transmission sites for generation, as are posted on its OASIS. In the next application and in each subsequent application requesting certification or decertification the Company will clearly identify all transmission facilities added, modified or avoided as a result of the certification or decertification request.

ORDERED FURTHER, the Commission adopts the Spellman Panel's recommendation that the Commission approve and certify seven of the Company's nine proposed energy efficiency programs and the corresponding investment levels in a phased in approach. The Company is in general agreement with the Spellman Panels' recommended modifications to the Company's nine proposed DSM programs as set out in Dockets 31081 and 31082 and illustrated in Appendix A – G to this Stipulation. The Commission adopts the recommendation of the PIA Staff and the Company that these programs should be certified. Spending on these programs will

“ramp up” in such a way that they do not increase their costs in 2011 over what the Company is currently proposing to spend (\$13,736,994), but which in three years would be at the levels proposed by the Spellman panel. The Company will spend \$13.7 million in 2011, \$21.2 million in 2012 and \$27.8 million in 2013. The Company will maintain the flexibility to move dollars for spending purposes within programs as needed to enhance program effectiveness (e.g. – move between program incentives and program marketing) and to move dollars between programs within a customer class to maximize the overall effectiveness of the portfolio.

ORDERED FURTHER, that the Single Family Power Credit DSM Program shall be amended to include multi-family residences.

ORDERED FURTHER, that the remaining commercial and industrial audit programs should be continued, but the Company will withdraw its request that they be certified and withdraws its request for an additional sum for these two programs as well as its request for an Industrial DSM Tariff. Costs for these two programs will continue to be recovered through base rates but not through the DSM Tariff (which is itself a base rate tariff).

ORDERED FURTHER, that the IRP Demand-Side Management Working Group will continue to use the Nine Step DSM planning process which is set out in Appendix H to the Stipulation. The PIA Staff will withdraw its recommendation for the development of a NOPR designed to, or having the effect to, institutionalize the working group or the nine step process.. The Company and the Commission Staff agree to work collaboratively to design, and to support, the issuance of a NOPR which will have the effect to modify the existing rules to allow for the Commission to provide for alternative forms of analysis without the need to grant a waiver.

ORDERED FURTHER, that the Commission Staff shall continue in the role of administrator of the Demand-Side Management Working Group and shall seek input from Working Group participants in setting the agenda form each meeting of the Working Group.

ORDERED FURTHER, that the Company will receive an Additional Sum of 10% of the NPV of the actual net benefits of gross kWh savings as determined by the Program Administrator test from these certified DSM programs, with no cap, provided that following the annual determination of actual net benefits of gross kWh savings, if the annual incremental kWh savings is less than 50% of that initially projected, the additional sum shall be 0.5% for demand response measures and 3% for energy efficiency measures, and provided further that if the additional sum exceeds program costs, the portion of additional sum that exceeds the program cost shall be calculated based on 5% of actual net benefits of gross kWh savings as determined by the Program Administrator test from these certified DSM programs. The Company and the Commission Staff shall work together to (1) come to an agreement on the appropriate method of calculating and verifying the actual net benefits of gross kWh savings from these certified DSM programs, (2) address market effects such as free ridership and the snapback effect (3) establish appropriate program evaluation and demand-side management implementation monitoring in accordance with GPSC Rules 515-3-4-.09(3)(e)4 and 515-3-4-.09(3)(e)5 and (4) make any necessary adjustments to the program plans identified in Appendix A - G to implement this stipulation. The calculation of the Additional Sum for 2011 through 2013 shall be by customer class and shall be based upon Georgia Power's current avoided cost estimates as calculated and

approved in the 2010 Integrated Resource plan. The Company will receive no additional sum in 2011 and only ½ of the calculated additional sum in 2012. The program costs will be recovered in a rider collected from the class to which the program is directed. In the Company's 2010 rate case, the Commission shall determine the appropriate customer class allocation of the associated additional sum.

ORDERED FURTHER, that the Company will prepare and file with the Commission a new energy efficiency potential study one year in advance of the 2013 IRP filing.

ORDERED FURTHER, that Georgia Power will begin meeting with Commission Staff thirty (30) days after the date of this Final Order focusing on the availability of online and other electronic methods of information access to customers.

ORDERED FURTHER, that the Commission adopts a policy consistent with EISA Standard 16 that recognizes cost effective energy efficiency as a priority resource in a manner consistent with Georgia law.

ORDERED FURTHER, that within sixty (60) days of this Order Georgia Power Company and Georgia Interfaith Power and Light shall meet to review Georgia Interfaith Power and Light's Power Wise program.

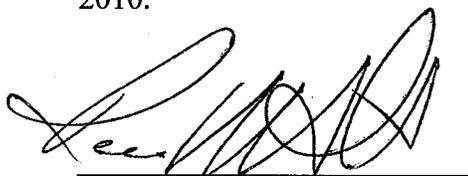
ORDERED FURTHER, that as a result of the Stipulation, Georgia Power is not required to re-file its IRP screening analysis with the seven modified energy efficiency programs.

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.

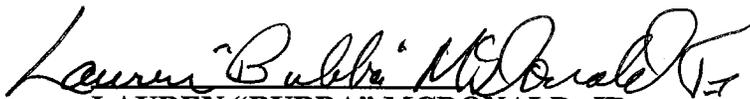
ORDERED FURTHER, that a motion for reconsideration, rehearing or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

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 during its Administrative Session held on July 6, 2010.



REECE MCALISTER
EXECUTIVE SECRETARY



LAUREN "BUBBA" MCDONALD, JR.
CHAIRMAN

7-12-10
DATE

07-13-10
DATE