

NEWS

For immediate release
December 1, 2009
More information: Judy McLean
Office: (334) 242-5025

Alabama Public Service Commission Approves Package of Adjustments Resulting in \$350 Million in Savings for Alabama Power Company Customers

Montgomery - The Alabama Public Service Commission (APSC) today approved a reduction in the price that Alabama Power Company charges consumers for fuel it uses to run its generating plants that, along with other adjustments, will reduce Alabama Power Company customers' monthly bills. For a typical residential customer using 1,000 kWh/month, this will mean a decrease of approximately \$7.20 per month when compared to rates in January 1, 2009. The Commissioners reduced fuel charges by approximately 2.5% in June 2009. Taken together with today's overall rate decrease of 7.4% the total retail price will have decreased by approximately 10% from January 1, 2009 to January 1, 2010. The rate changes are effective January 1, 2010.

APSC President Lucy Baxley hailed the timing and good news associated with the adjustments. "The reductions Alabamians will soon see in their bills come at an important time for our state and provide another ray of hope for improvement in our household budgets and in the operating expenses of businesses where our citizens work."

"This order, I believe, may constitute the largest dollar amount decrease in the history of the Public Service Commission. For rate payers in cities, in rural areas, and on family farms who have been hit hard by a declining economy this rate reduction will be welcomed news for the New Year," said Commissioner Jan Cook.

Because of increased hydroelectric generation availability and a decline in fuel commodity cost, Alabama Power has seen a significant reduction in the cost of generating electric power. According to APSC staff, this drop in fuel cost, combined with the fact that Alabama Power has now fully recouped some \$300 million in under-collected fuel expense, prompted the APSC to request that the electric utility cut the fuel charge that it passes on to ratepayers.

“This decrease could not come at a better time,” Commissioner Susan Parker said. “In this economic downturn, and with winter approaching, this will put a little more money in consumers’ pockets.”

Also, on December 1, 2009, Alabama Power filed for rate adjustments associated with environmental compliance expense and the addition of low-cost generating capacity. The adjustment for environmental expenses is needed to meet government-mandated environmental requirements. The adjustment for generating capacity is attributable to the retail availability of approximately 1,200 megawatts of low-cost generating capacity.

Taken together, these filings coupled with the APSC-approved fuel reduction results in an overall rate decrease of approximately \$350 million, or 7.4% effective January 1, 2010.