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Jan. 7, 2013

Georgia Power seeks approval to retire generating units at four plants

ATLANTA – Georgia Power expects to request approval from the Georgia Public Service Commission (PSC) to decertify and retire 15 coal- and oil-fired generating units totaling 2,061 megawatts (MW), the company announced today.

The request to decertify units 3 and 4 at Plant Branch in Putnam County; units 1-5 at Plant Yates in Coweta County; units 1 and 2 at Plant McManus in Glynn County; and units 1-4 at Plant Kraft in Chatham County, will be included in Georgia Power's updated Integrated Resource Plan (IRP) that will be filed with the PSC on Jan. 31.

Units 3-4 at Branch, units 1-5 at Yates and units 1-3 at Kraft are coal-fired generating units. Kraft Unit 4 is oil- or natural gas-fired, and McManus units 1-2 are oil-fired.

The company expects to ask for decertification of the units, other than Kraft 1-4, by the April 16, 2015 effective date of the U.S. Environmental Protection Agency's (EPA) Mercury and Air Toxics (MATS) rule. The company expects to seek a one-year extension of the MATS compliance date for Plant Kraft, and retire those units by April 16, 2016. The PSC is expected to vote on the decertification request in the summer of 2013.

Several factors, including the cost to comply with existing and future environmental regulations, recent and forecasted economic conditions, and lower natural gas prices contributed to the decision to close these units.

Additionally, the company will ask for decertification of Boulevard 2 and Boulevard 3 combustion turbine generating units in Savannah upon approval of the IRP, due to the costs to repair and operate the units.

“We recognize the significant impact that these retirements will have on the local communities and we took that into account when making these decisions,” said Georgia Power President and CEO Paul Bowers. “These decisions were made after extensive analysis and are necessary in order for us to maintain our commitment to provide the most reliable and affordable electricity to our customers. We are in the midst of a significant transition in our fleet that will result in a more diverse fuel portfolio – including nuclear, 21st century coal, natural gas, renewables and energy efficiency – to ensure we maintain our commitment for generations to come.”

The company will also request that units 6 and 7 at Plant Yates switch from coal to natural gas. Additionally, Unit 1 at Plant McIntosh, near Savannah, will switch from Central Appalachian coal to Powder River Basin coal. The fuel switches are the result of the company's evaluation of the MATS rule, other existing and expected environmental regulations, and economic analyses.

The company also announced that the conversion at Plant Mitchell Unit 3, in Albany, from coal to biomass cannot be completed before 2017, should it move forward, due to continued regulatory uncertainty related to the Industrial Boiler Maximum Achievable Control Technology rule and other EPA rules.

The rest of Georgia Power's coal-fired fleet, including the units at plants Bowen, Hammond, Scherer and Wansley, are already in the process of installing additional environmental controls in order to comply with the MATS rule.

Georgia Power will continue to evaluate existing and expected federal and state environmental rules involving air emissions, water treatment, coal ash and gypsum to determine the economics of taking actions to comply with environmental regulations on generating units at Georgia Power plants.

Georgia Power currently operates 11,387 MW of coal-fueled generation at 10 plants across the state. Overall, the company has 18,623 MW of capacity, including nuclear, natural gas and hydro generation.

Georgia Power received approval in March 2012 for the decertification of Plant Branch units 1 and 2, which total 569 MW, effective Dec. 31, 2013 and Oct. 1, 2013, respectively; and Unit 4C at Plant Mitchell in Albany, totaling 33 MW, effective March 26, 2012.

Georgia Power is the largest subsidiary of Southern Company (NYSE: SO), one of the nation's largest generators of electricity. The company is an investor-owned, tax-paying utility with rates below the national average. Georgia Power serves 2.4 million customers in all but four of Georgia's 159 counties.

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