

The background of the slide is a collage of financial and technical imagery. It includes a close-up of a compass rose in the upper right, a portion of a calculator with numeric keys in the lower right, and various US dollar bills (including a \$100 bill) and power line towers in the left and center areas.

Utilization of Energy Efficiency in Supply Planning

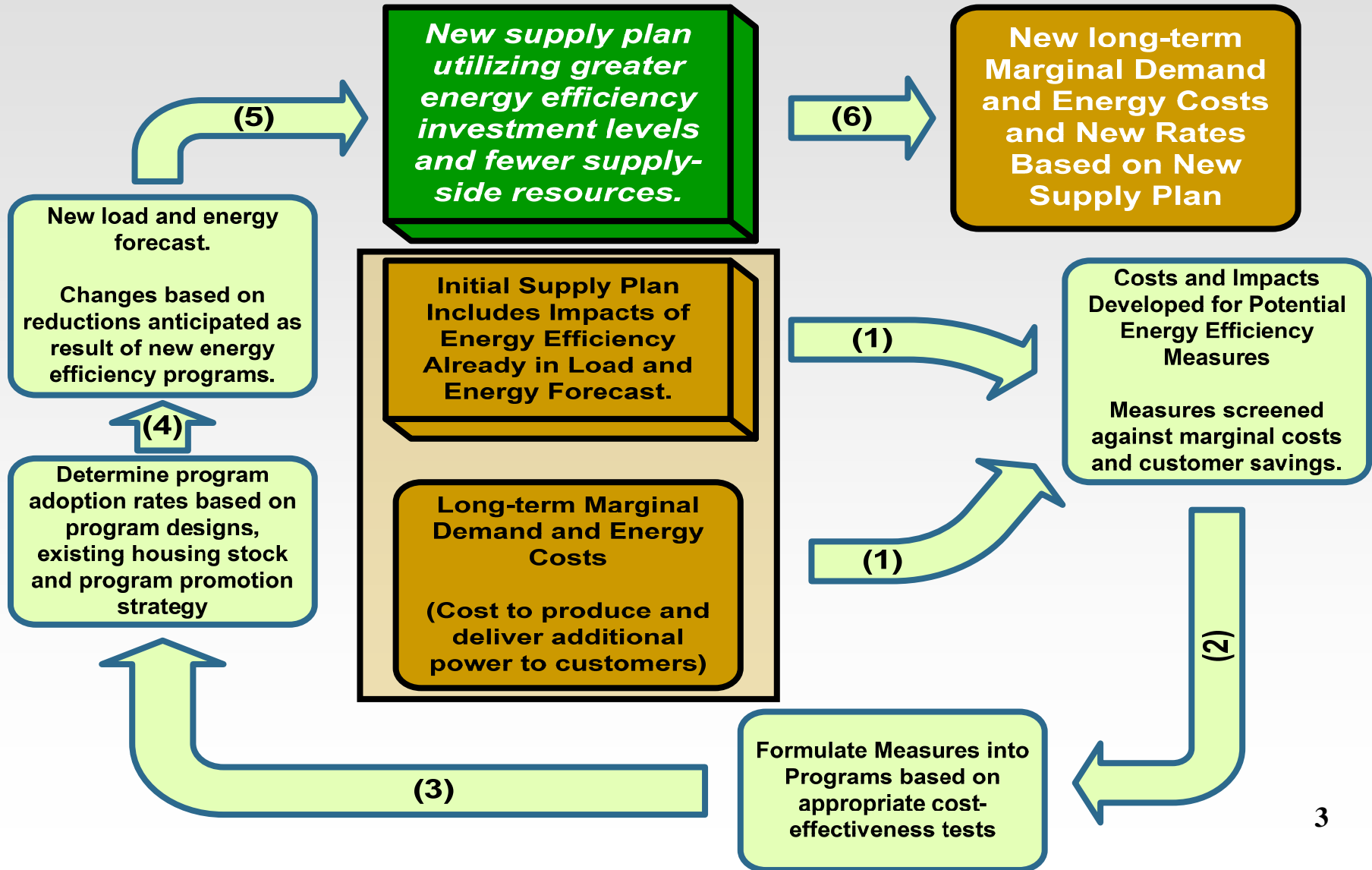
***Presentation to SEARUC Fall Conference
Leonard Haynes
Southern Company
September 28, 2007***



How is Energy Factored into the Planning Process at SOCO?

- ***The method depends on state law and state regulation***
 - ***Very Formal Integrated Planning Process (IRP) - Ga***
 - ***Formal 5-year Planning Process - Fla***
 - ***Informal reporting as required by regulatory filings - Miss & Ala***

The Internal Process is Similar in All States



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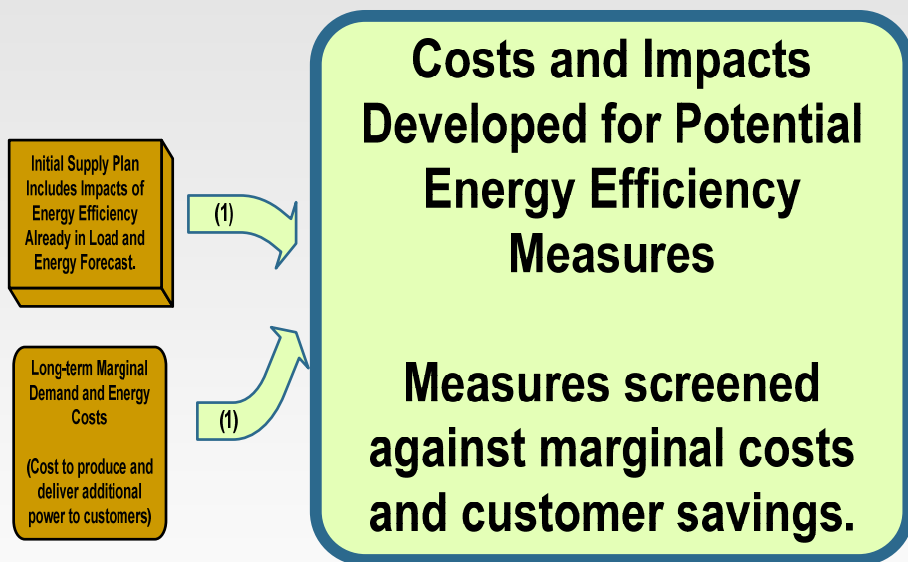
**Initial Supply Plan
Includes Impacts of
Energy Efficiency
Already in Load and
Energy Forecast.**

**Long-term Marginal
Demand and Energy
Costs**

**(Cost to produce and
deliver additional
power to customers)**

- ***Initial supply plan includes impacts of existing energy efficiency and load control programs.***
- ***Marginal costs are the savings (or costs) of incremental changes to the Initial Supply Plan, and are used to determine the financial impacts of energy efficiency and load control programs.***

The Internal Process is Similar in All States



- ***Potential energy efficiency measures are “screened” against marginal costs to determine their cost effectiveness***
- ***Measures must be cost effective for consumers who will implement them and also create overall benefits for utility customers as a group***

The Internal Process is Similar in All States

Costs and Impacts
Developed for Potential
Energy Efficiency
Measures

Measures screened
against marginal costs
and customer savings.

(2)

Formulate Measures into
Programs based on
appropriate cost-
effectiveness tests

- ***Energy Efficiency measures are combined into programs, where administrative costs are then included***
- ***Programs are screened to ensure cost effectiveness after program administration costs are included***

The Internal Process is Similar in All States

New load and energy forecast.

Changes based on reductions anticipated as result of new energy efficiency programs.

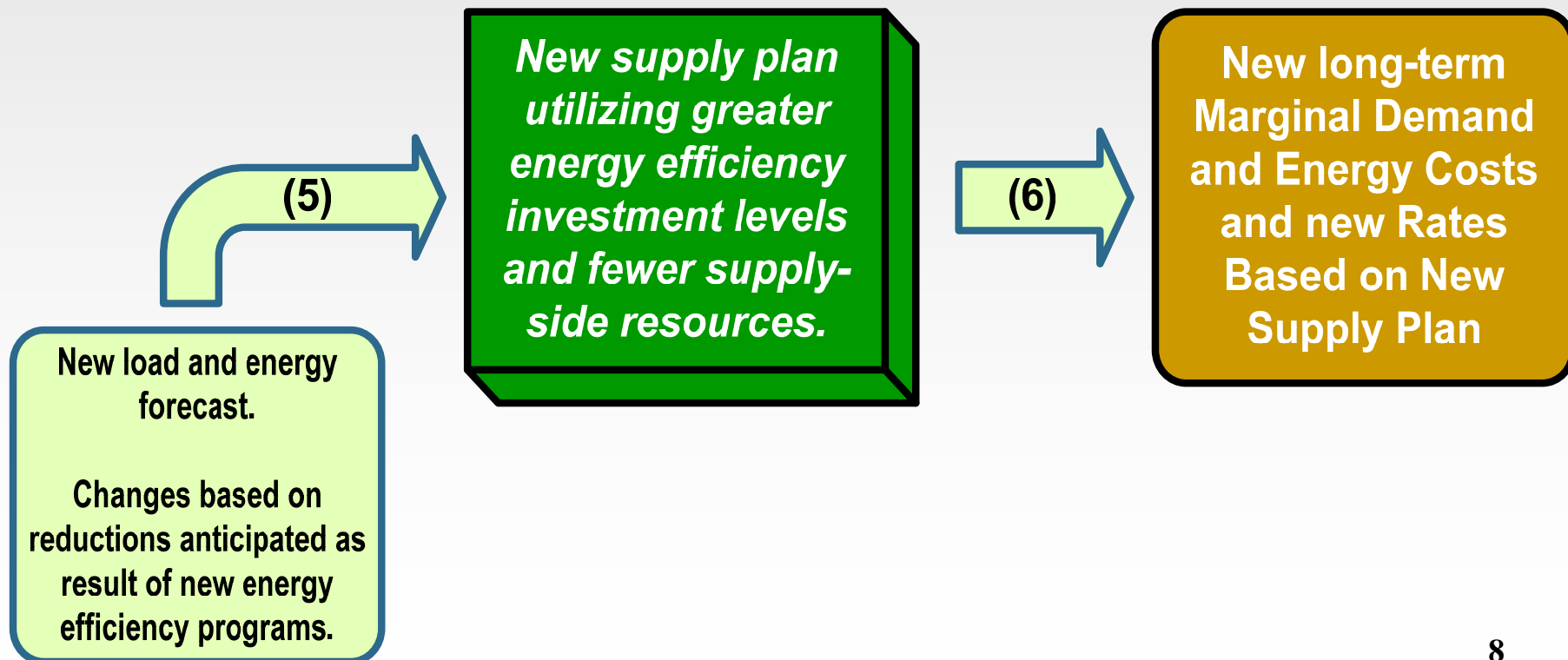
(4)

Determine program adoption rates based on program designs, existing housing stock and program promotion strategy

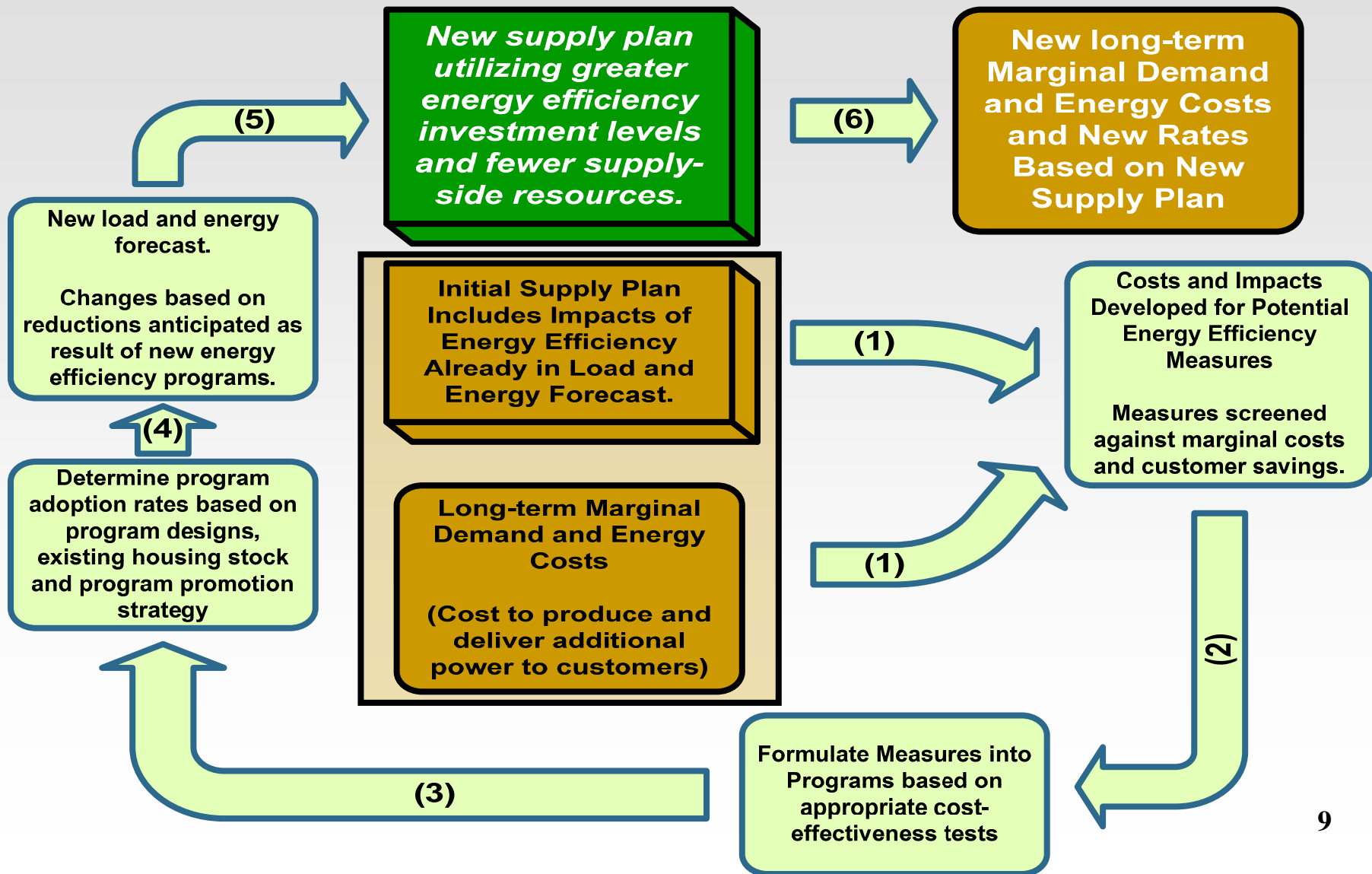
- *Program adoption rates must be factored in, to determine how large a total reduction in demand and energy can be expected from the programs.*
- *Once the energy efficiency and load management programs are approved, then forecasts of demand and energy are then adjusted to reflect the impacts of the new programs.*

The Internal Process is Similar in All States

A new supply plan emerges, with greater energy efficiency investment and fewer supply-side resource investments. New long-term marginal costs and new projections for rates are then developed.



The Internal Process is Similar in All States





EE: Questions?

QUESTIONS?