**Emission Allowance Projections**

Emission allowance projections are updated in conjunction with each update to the Fuel/Energy Budget. Charles River Associates, Inc. (“CRA”) based in Boston, Massachusetts is the primary consultant we utilize in projecting the long-term future prices of all SO2, Seasonal NOx and Annual NOx allowances. Southern Company Services (“SCS”) employs CRA to run its US macro-economic model to predict these allowance prices in the future. Georgia Power reviews allowance cost data used by the Environmental Protection Agency’s (“EPA”) Clean Air Markets Division by ICF International (“ICF”) using its macro-Integrated Planning Model (“IPM”) model and also reviews and compares cost projections provided by John Dean Energy in arriving at a consensus forecast of future allowance costs/prices. John Dean Energy’s monthly forecast is utilized as the short-term (up to 36 months) price forecast.

The allowance price projections are then loaded into the Southern Company Aurora model as are projections of future load, forecasted fuel prices, unit outage schedules, environmental regulation/legislation compliance schedules, and many other inputs to generate projected SO2 and NOx emissions in the future. This emissions output is then compared with current holdings of allowances, allocations from the EPA and prior allowance purchases to determine if there are any years in the future Georgia Power is projected to be in a net short position regarding allowance needs as defined by the various EPA programs. This output is used as the basis for future purchases of allowances at or below the forecasted prices.

1. Attachment MFRP-16A provides a tabulation of total number of SO2 emission allowances allocated to Georgia Power for the test period.
2. Attachment MFRP-16B provides the number of SO2 emissionallowances retained for auction by EPA and resulting revenue returned to Georgia Power for the test period.
3. A tabulation of SO2 emission allowance activity with information anticipated through the end of the test period is provided in the following attachments:

a. Attachment MFRP-16A provides the number and vintage of allowances banked by Georgia Power.

b. Attachment MFRP-16C provides the projected monthly number of SO2 emission allowances surrendered to EPA for the test period on both a total Company and Georgia Retail basis.

c. No allowances are projected to be sold through the end of the test period.

d. Georgia Power does not anticipate SO2 allowance purchases through the end of the test period.

e. Georgia Power does not anticipate NOx allowance purchases through the end of the test period.

1. Attachment MFRP-16D provides a tabulation of all NOx allowance activity, i.e., allocation, purchase, use, trade or sales, anticipated through the end of the test period.
2. Attachment MFRP-16E provides a table of forecasted market prices by month of SO2 emission allowances through the end of the test period. Refer to MFRH-16 for historical market prices.
3. Attachment MFRP-16F provides a table of forecasted market prices by month of NOx emission allowances and source of information, including the projected market prices through the end of test period. Refer to MFRH-16 for historical market prices.
4. Attachment MFRP-16G provides projected SO2 emissions, in tons, by unit, by month, through the end of test period.
5. Attachment MFRP-16H provides projected Seasonal NOx emissions, in tons, by unit, by month and Attachment MFRP-16I provides projected Annual NOx emissions, in tons, by unit, by month.