

connections across State lines, purchases no energy from out-of-State sources, supplies no municipalities or cooperatives at wholesale.

The company has two interconnections with the Georgia Power Co. through 115,000-volt transmission lines, the first of which was constructed in 1941 and the second in 1965. A revised agreement for a 5-year term was entered into on May 31, 1961, between Savannah Electric and the Georgia Power Co., covering the terms of the interconnection. This contract was later extended to May 31, 1970, by letter of agreement. As both the original and the second interconnections were considered as strictly intrastate transactions by both companies, subject solely to the jurisdiction of the Georgia Public Service Commission, copies of the agreements were not submitted to the Federal Power Commission at the time of execution.

However, in November of 1965, 24 years after the initial interconnection, the Federal Power Commission requested Georgia Power Co. to file the latest agreement in a manner provided in part 35 of the Commission's regulations under the Federal Power Act.

In late December of 1965, the Federal Power Commission advised Savannah that Georgia had tendered the aforesaid agreement for filing, and advised that Savannah could either file a certificate of concurrence in the form indicated in section 131.52 of the Commission's regulations, or file the instrument as otherwise provided in part 35 of the Commission's regulations.

In compliance with such request, both Georgia and Savannah filed with the Federal Power Commission the rate schedule represented by the contract, dated May 31, 1961, with a covering statement by both companies that the filing was without prejudice to their right to question the jurisdiction of the Federal Power Commission, and both reserved the right to deny the Commission's jurisdiction in the premises.

Although we have cooperated with the Federal Power Commission, the company has consistently reserved its rights to question the jurisdiction of the Commission. On March 23, 1964, we filed an original cost property study, again without prejudice to our right to deny such jurisdiction; and we have also filed other requested reports with the Federal Power Commission, including annual reports, forms 1 and 12, and monthly reports, forms 1 and 12E, which are filed as matters of information.

Under the agreement with the Georgia Power Co., there is no commitment to purchase energy. The purpose of the agreement is for the interchange of reserve capacity for emergency and temporary purposes. Under a formula contained in the contract, the Georgia Power Co. pays the Savannah Electric & Power Co. for surplus capacity, when such surplus exists. When Savannah is deficient in reserve capacity under the formula, it pays the Georgia Power Co. at the same rate per kilowatt as Georgia pays to Savannah when Savannah has a surplus.

As a result of negotiations recently completed, the company has reached a tentative agreement with Georgia, which will have the effect of extending the contract through May 31, 1973, and modifying certain of its provisions with respect to balancing the sale of surplus capacity with payments for deficient capacity over the period of the contract.