STATE OF GEORGIA

BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

**In RE: Petition of Atlanta Gas Light )**
**Company for Approval of Adjustment )** Docket No. 42315 **of its Rates and Revised Tariff )**

SHORT ORDER

APPEARANCES

On behalf of Atlanta Gas Light Company:

ROBERT HIGHSMITH, Attorney

GRAHAM COATES, Attorney

TODD F. KIMBROUGH, Attorney

DANE McKAUGHAN, Attorney

LINDSEY WILLIAMSON, Attorney

 -and-

MARK CAUDILL, Attorney

On behalf of Georgia Public Service Commission:

DANIEL WALSH, Attorney

 -and-

JEFFREY STAIR, Attorney

ADE ADENIYI, Attorney

JACKSON BRANCH, Attorney

On behalf of Gas South, LLC:

L. CRAIG DOWDY, Attorney

On behalf of Georgia Watch:

LIZ COYLE

On behalf of SCANA Energy Marketing, Inc.:

WILLIAM BRADLEY CARVER, Attorney

On behalf of SouthStar Energy Services, LLC

d/b/a Georgia Natural Gas:

RACHEL BISHOP, Attorney

**BACKGROUND**

On June 5, 2018, the Commission approved a [Stipulation](http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=172852) between Atlanta Gas Light Company (“AGL” or “Company”) and Public Interest Advocacy Staff (“PIA Staff”) in Docket No. 40828. In that Stipulation, AGL agreed that it “shall file a traditional rate case (the “Rate Case”) no later than June 1, 2019 with a proposed rate effective date of August 1, 2019, for rates that become effective on January 1, 2020 (following a five-month suspension by the Commission pursuant to O.C.G.A. § 46-2-25).” Stipulation, p.4.

The Stipulation further provided that “AGL shall file a forward-looking test year for the Rate Case that utilizes the twelve-month period of August 1, 2019 to July 31, 2020. In addition, AGL may propose a forward-looking test year using the 2020 calendar year, or any other periods that AGL may wish to submit for the Commission’s consideration.” *Id*.

In addition, the Company “may propose to continue or modify the Georgia Rate Adjustment Mechanism (“GRAM”). AGL may propose some other form of alternative ratemaking. If AGL proposes any form of alternative ratemaking, PIA Staff may propose modifications to or denial of the proposal.” *Id.*

Due to the complexity of the matters to be addressed in this docket, and with previous requests for rate relief, the Commission suspended the filing as contemplated by O.C.G.A. -2-25 for a five-month period for rates to become effective on January 1, 2020.

STATEMENT OF PROCEEDINGS

AGL filed its Petition for Approval of Adjustment of Rates and Revised Tariff and Application for Approval of an Alternative Form of Regulation on June 3, 2019. The Commission developed the hearing process which it issued in a Procedural and Scheduling Order (“PSO”) on June 8, 2019.

 On September 10, 2019 through September 12, 2019, the Commission heard the direct case presented by the Company. PIA Staff and Intervenors put forth their direct testimony and exhibits on October 23, 2019 through October 24, 2019. Company rebuttal hearings took place November 21, 2019 through November 22, 2019. All recommendations, briefs and proposed Orders were due on December 9, 2019.

The Commission voted to adopt a Commissioner Motion resolving this matter at its Special Administrative Session on December 19, 2019.

FINDINGS OF FACT

1.

The Commission finds as a matter of fact that the test period utilized in resolving this matter is the twelve-month period ending July 31, 2020.

2.

The Commission finds as a matter of fact that the appropriate, and just and reasonable return on common equity for the Company is 10.25%. The Commission further finds that the appropriate cost of long-term debt is 4.74% and the appropriate cost of short-term debt is 2.51%. The Commission further finds that the appropriate capital structure is 56% common equity, 39.21% long term debt and 4.79% short term debt. The Commission further finds that the appropriate overall return is 7.718%.

3.

 The Commission finds as a matter of fact that the appropriate total revenue increase for the Company is $65.3 Million as outlined in the attached Motion. The Company’s as-filed requested increase shall be adjusted as follows. The Commission shall use the $90 million revenue deficiency based on the errata and other adjustments made in the rebuttal phase as the starting point and shall further modify that amount to include the following additional adjustments: an $11.7 million reduction to reflect the change in ROE from 10.75% to 10.25%; a $2.9 million increase to reflect an increase in the capital structure equity percentage from 55% to 56% to satisfy proper FFO to debt ratio; a $5 million reduction in O&M for cross bore capitalization; a $4 million reduction by accepting PIA Staff’s proposed depreciation rates; a $5 million reduction by accepting PIA Staff’s proposal for a 5-year EDIT Amortization; an $8 million additional cut to revenue requirement; a $1 million increase for supplemental low-income assistance to be implemented by Staff, AGL, and Georgia Watch; a $5.1 million increase for additional funding for Customer Fulfillment.

4.

The Commission finds that the following Tariff Revisions are appropriate:

The Commission accepts all tariff revisions proposed by AGL except for the connection and reconnection charges. With respect to the connection and reconnection charges, only the changes to the seasonal reconnection charges that were proposed by AGL, discussed at the Energy Committee on December 17, 2019, and supported by the Marketers are approved the Commission *(Video Broadcast available at psc.state.ga.us/)*

The Commission finds it necessary for AGL to work with PIA Staff to develop a tariff that provides for a Premium Reconnect Service. The cost of this service shall be paid for solely by the customers that choose to use the service and shall not be subsidized by other customers and/or AGL.

5.

The Commission finds that it is appropriate to advance the Customer Fulfillment proposal.

As such, the Company shall immediately begin and shall fully implement the following within 3 years of the date of this Order:

i. A two-day service standard as detailed in the Company filing;

ii. Expand the “Keep Me Informed” program to all regions of AGL’s service territory;

iii. Increase the target for scheduling customer appointments within a 4- hour

window from 40% to 80%;

iv. Improve average leak response time to 25 minutes or less;

v. Increase the availability of 4-hour appointments within the 4:00 PM to 8:00 PM time window by 25%; and

vi. Develop Saturday reconnection appointments available during the day.

6.

The Commission finds that the development of a Long-Range Planning Tool will assist in the integration of the Company’s Capacity Supply Plan with an infrastructure delivery apparatus. AGL shall propose, no later than January 31, 2020, a Notice of Proposed Rulemaking (“NOPR”) that establishes a proceeding, which shall be open to all interested parties. This proceeding shall integrate the Capacity Supply Plan with an infrastructure delivery plan. The Commission will examine and approve parameters for capital budgets (including related O&M spending) associated with multi-year outlooks. The first proceeding, following the effective date of the new rules establishing the Long-Range Planning Tool, will be decided by this Commission within 8 months of AGL’s first Plan filing.

7.

 The Commission finds as a matter of fact that it is appropriate to continue the GRAM.

A. AGL shall continue under GRAM with the mechanism automatically adjusting and producing lower revenue requirement for the upcoming year for any underspending of sums approved in this case.

B. The Earnings Band shall have a low of 10.05% ROE and a high of 10.45% ROE, with the midpoint at 10.25%. AGL will establish a regulatory liability for any “over-collection” as measured against the upper end of the earnings band. This will address any event where AGL’s actual total revenue requirements for the test year the resulting rates are effective are less than the maximum incremental revenue requirement upon which such rates were set. AGL will not, however, establish a regulatory asset for any “under-collection” as measured against the lower end of the earnings band.

C. GRAM and the parameters set forth in the GRAM tariff will continue on a calendar year basis as modified by the order in this docket beginning January 1, 2020 until terminated by order of the Commission. The order in this docket will be the new “Final Order” for GRAM. When Annual GRAM Filings show that rates need to be adjusted up or down, the adjustment will be made to bring the ROE back to the midpoint of the Earnings Band established above. Annual GRAM filings will be made no later than July 1 for each succeeding calendar year implementation.

D. Pending the outcome of the first long-range planning proceeding referenced above, in 2020 AGL will manage its capital and operations and maintenance budgets so as not to exceed 5% growth rate in base rates to be effective January 1, 2021. The Company will not seek recovery through base rates in any GRAM proceeding of investments and expenditures that contribute to base rates exceeding 5% growth in 2021 from 2020 levels until the next general rate case (this works as a disincentive for the Company to spend outside of this level as it must absorb the carrying costs over multiple years). This 5% limitation is not to be construed as precedent in any future rate proceeding for AGL. The deferral accounts within the existing GRAM shall continue to be used without interruption.

E. The Commission finds that AGL will make a second compliance filing on or before July 1, 2020 for rates to be effective January 1, 2021. PIA Staff will review and, if appropriate, challenge the associated GRAM schedules and bring to the Commission any dispute, otherwise the compliance filing shall be deemed approved for the 2021 calendar year without further action by the Commission.

8.

The Commission finds that, other than the issues addressed above, it is appropriate to accept the Company's filing.

9.

AGL shall make an initial compliance filing to this order prior to rates becoming effective for bills rendered on or after January 1, 2020.

**CONCLUSIONS OF LAW**

1.

O.C.G.A. § 46-2-20(a) provides that the Commission has general supervisory authority over gas companies.

2.

O.C.G.A. § 46-2-23 provides that the Commission has exclusive power to determine what are just and reasonable rates and charges to be made by any person, firm or corporation subject to its jurisdiction. The rates for firm distribution service and ancillary services rendered by an electing distribution company must be established in accordance with Article 5 of Title 46, O.C.G.A. § 46-4-151 *et seq.*

3.

O.C.G.A. § 46-2-25 provides in pertinent part that whenever any new rate schedule is filed, the Commission shall have authority, upon reasonable notice to the utility, to enter a hearing concerning the lawfulness of such rate, charge, classification, or service.

4.

O.C.G.A. § 46-2-26.4 provides for the accounting treatments to be used in any proceeding before the Commission to determine the rates to be charged by a gas utility. Subsection (b) provides as follows:

In any proceeding commenced after April 1, 2002, to determine the rates to be charged by a gas utility, the gas utility shall file jurisdictionally allocated cost of service data on the basis of a test period, and the commission shall utilize a test period, consisting of actual data for the most recent 12 month period for which data are available, fully adjusted separately to reflect estimated operations during the 12 months following the proposed effective date of the rates. After the initial filing, and until new rates go into effect, the utility shall file actual cost of service data as they become available for each month following the actual data which were filed. The utility shall have the burden of explaining and supporting the reasonableness of all estimates and adjustments contained in its cost of service data.

5.

O.C.G.A. § 46-2-23.1 provides that the Commission has the authority to approve, modify, or reject alternative forms of regulation for gas companies.

6.

The Commission concludes as a matter of law that the Company has met its burden of proof to substantiate a revenue deficiency, which the Commission found as a matter of fact to equal $65.3 million.

7.

The Commission concludes as a matter of law that the Company should be allowed to charge rates calculated to allow the Company an opportunity to recovery this deficiency and that such award will allow the Company the opportunity to earn a return on its assets which is not confiscatory, unjust or unreasonable.

8.

The Commission concludes as a matter of law that the provisions of this decision related to the allocation of the additional revenue requirement and the specific charges set by the Commission will provide the most equitable distribution of the additional revenue requirement mandated by the record.

**WHEREFORE IT IS ORDERED** that:

* + 1. Atlanta Gas Light Company is allowed to increase rates to produce an increase in revenues in the amount of $65.3 million, consistent with the provisions of this Order, with said rates to be effective for service rendered on and after January 1, 2020.
		2. The tariffs implemented by the Company to collect the aforesaid increased revenues of $65.3 million shall be submitted as a compliance filing within 30 days of the date of this Order subject to review by the Commission to ensure that such tariffs, as implemented, are proper and just. The rates shall be consistent with the findings of the Commission regarding Revenue Requirements in this Order utilizing the rate design methodology approved in this Order.
		3. The Company shall comply with all ruling and directives contained in the body of this Order.
		4. Due to the complexity of this matter and the short statutory deadline for the issuance of an Order, the Commission issues this order as a Short Order. The Commission will issue a more detailed order in this matter further explaining its decisions, findings and conclusions.
		5. All findings, conclusions and statements made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, and statements of regulatory policy of this Commission.
		6. Unless specified otherwise in this Order, the decisions adopted herein shall be effective immediately.
		7. Any motion for reconsideration, rehearing or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.
		8. Jurisdiction over this matter is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in Special Administrative Session on the 19th day of December, 2019.

Reece McAlister Lauren “Bubba” McDonald

Executive Secretary Chairman

Date Date